CHR HANSEN
Improving food & health

ANNUAL REPORT 2011/12

MANAGEMENT'S REVIEW

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STATEMENTS & MANAGEMENT

MANAGEMENT'S REVIEW

About Chr. Hansen

Chr. Hansen is a global bioscience company that develops natural ingredient solutions for the food, nutritional, pharmaceutical and agricultural industries. Chr. Hansen develops, produces and sells cultures, enzymes, probiotics and natural colors. All solutions are based on strong research and development competencies coupled with significant technology investments.

REVENUE

Revenue in the 2011/12 financial year was EUR 699 million. The company holds a leading market position in all its divisions: Cultures & Enzymes, Health & Nutrition and Natural Colors. It has more than 2,450 dedicated employees in 30 countries and main production facilities in Denmark, France, USA and Germany. Chr. Hansen was founded in 1874 and is listed on NASDAQ OMX Copenhagen.

CORE COMPETENCIES

Chr. Hansen's knowledge of bioscience and its applications within cultures and enzymes as well as its advanced application expertise for natural colors are the core competencies and serve as the technical foundation of our products. Chr. Hansen has built its market positions on solid expertise, focused innovation, supply chain excellence and long-term customer relationships. Through the coordinated efforts by the sales, marketing and innovation organizations Chr. Hansen cooperates closely with customers in order to help them bring their products and processes successfully into the future.

CULTURES & ENZYMES DIVISION

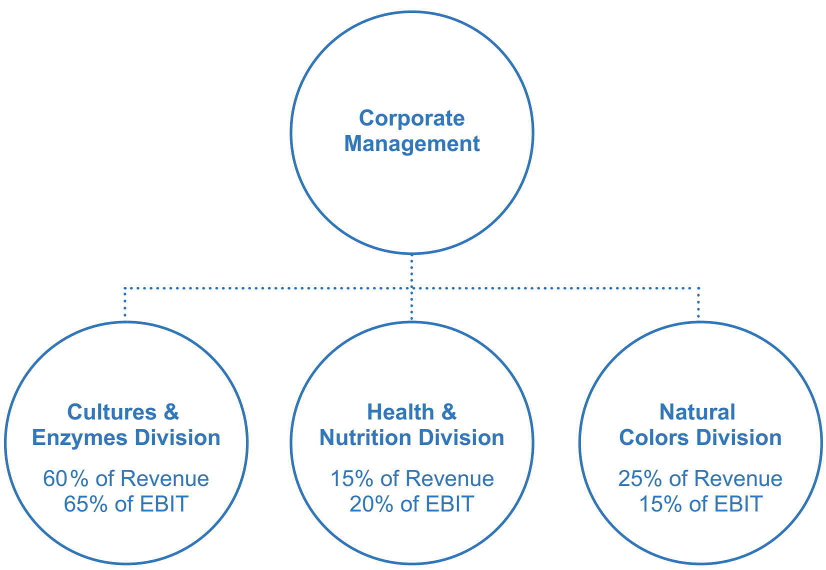
The Cultures & Enzymes Division produces cultures, enzymes and probiotics for the food industry in general and the dairy industry in particular. Chr. Hansen ingredients assist in determining the appearance, taste, nutritional value, health benefits and product life of a variety of food products. In addition Chr. Hansen also helps customers in optimizing production processes as well as increasing yields and improving quality.

HEALTH & NUTRITION DIVISION

The Health & Nutrition Division produces products for the dietary supplement, over-the-counter pharmaceutical, infant formula and animal feed industries. The key offering is probiotic cultures with a documented health effect, and through own research and collaboration with leading international scientists Chr. Hansen generates new knowledge about the impact of probiotics in humans and animals.

NATURAL COLORS DIVISION

The Natural Colors Division produces natural color solutions to the food and beverage industry, in particular the beverage, confectionery, ice cream, dairy, fruit preparation and prepared food segments. The natural colors are extracted from a wide range of natural sources such as berries, roots and seeds, and Chr. Hansen masters a number of encapsulation techniques which help stabilize the appearance of colors in various food applications.



2011/12 Highlights

- Revenue EUR 699 million, up 10% compared to 2010/11
- Organic revenue growth 8% (11% adjusted for changes in sales prices to reflect changes in raw material prices for carmine)
- EBIT EUR 185 million, up 16% compared to 2010/11
- EBIT margin 26.5%, up from 25.0% in 2010/11
- Corporation tax EUR 41 million corresponding to an effective tax rate of 24% compared to 23% in 2010/11
- Profit for the year EUR 131 million, EUR 129 million excluding minority interest, compared to EUR 119 million in 2010/11, EUR 117 million excluding minority interest
- Earnings per share, continuing operations, diluted EUR 0.95, up 14% compared to 2010/11
- Capital expenditure EUR 64 million, corresponding to 9.1% of revenue
- Research & Development expenditures incurred EUR 47 million, corresponding to 6.7% of revenue
- Impairment of EUR 4 million relating to a clinical study on immune health
- Net working capital EUR 99 million equal to 14.1% of revenue compared to EUR 98 million or 15.3% of revenue at 31 August 2011
- Free cash flow EUR 113 million, up 8% compared to 2010/11 when excluding divested operations
- Net interest-bearing debt EUR 364 million corresponding to 1.5 times EBITDA compared to 1.7 times EBITDA at 31 August 2011
- At 31 August 2012 a total number of 2,348,789 shares were acquired under the share buy-back program (total transaction value of EUR 52 million). The program was concluded on the 19 October 2012 with a total number of 3,534,244 shares acquired (total transaction value of EUR 80 million)
- For the financial year 2011/12, a dividend of EUR 0.39 (DKK 2.90) per share corresponding to EUR 52 million is proposed. The dividend equals 40% of profit for the year.

Key figures

EUR million	**2011/12**	2010/11	2009/10*	2008/09	2007/08
Income statement					
Revenue	698.7	635.6	551.8	511.2	476.7
Gross profit	359.6	308.7	279.3	242.1	229.0
EBITDA	235.5	201.7	157.7	150.0	134.1
EBIT before special items	185.0	159.2	139.8	113.9	103.5
EBIT	185.0	159.2	115.6	109.4	96.0
Net financial items	(12.7)	(10.9)	(67.0)	(106.5)	(71.2)
Profit from continued operations	131.3	114.2	16.8	(16.0)	7.5
Profit from discontinued operations	-	4.4	2.4	(2.4)	36.3
Profit for the year	131.3	118.6	19.2	(18.4)	43.8
Average number of employees	2,425	2,411	2,229	2,157	2,367
Financial position at 31 August					
Total assets	1,342.9	1,352.7	1,316.3	1,278.6	1,324.4
Invested capital**	1,174.3	1,145.5	1,153.7	1,130.0	1,151.3
Net working capital**	98.8	97.5	89.9	77.9	90.4
Equity	655.1	644.3	545.7	93.8	125.2
Net interest-bearing debt	363.9	347.5	474.5	814.7	864.4
Cash flow and investments					
Cash flow from operating activities	176.4	150.4	98.5	105.0	51.7
Cash flow from investing activities	(63.1)	(25.8)	(38.4)	(26.6)	(16.8)
Free cash flow	113.3	124.6	60.1	78.4	34.9
Acquisition and disposal of property, plant and equipment, net	(40.0)	(21.9)	(18.4)	(10.1)	(33.0)
Earnings per share					
EPS, continuing operations, diluted	0.95	0.83	0.16		
Key ratios					
Organic growth %	8	14	13	10	10
Organic growth excluding carmine price effect %	11	10	11	-	-
Gross margin %	51.5	48.6	50.6	47.4	48.0
EBITDA margin %	33.7	31.7	28.6	29.3	28.1
EBIT margin, before special items %	26.5	25.0	25.3	22.3	21.7
EBIT margin %	26.5	25.0	20.9	21.4	20.1
ROIC %	15.9	13.8	12.2	10.0	9.2
ROIC, excluding goodwill %	34.1	30.0	26.5	21.4	19.4
NWC %	14.1	15.3	16.3	15.2	19.0
R&D %	6.7	6.3	5.9	5.8	5.8
Capital expenditure %	9.1	7.1	7.0	5.4	8.8
Cash conversion %	72.4	73.7	72.1	90.3	62.9
Net debt to EBITDA before special items	1.5	1.7	2.6	5.3	6.1

* For 2009/10 the key figures are restated regarding discontinued operations in Functional Blends activities in 2010/11.

** For 2009/10 balance sheet figures in key figures are restated, excluding discontinued operations, because of the restatement of the income statement and cash flow to make key ratios comparable.

Letter to our shareholders

DRIVING GROWTH

Revenue grew by 10% to EUR 699 million with organic growth of 8% (11% adjusted for change in sales prices to reflect changed raw material prices for carmine). All three divisions contributed to the strong growth.

The Cultures & Enzymes Division delivered solid organic growth of 10%. Dairy cultures for the production of cheese and fermented milk delivered strong growth while sales of probiotic cultures continued to be negatively affected by the uncertainty relating to the use of health claims on food products in the EU.

The Health & Nutrition Division delivered good organic growth of 13%, driven by good performance in both human and animal health.

Organic growth in the Natural Colors Division was 2%, but 12% when adjusting for changes in sales prices to reflect lower raw material prices for carmine in 2011/12. The growth was driven by the continued conversion from synthetic to natural colors.

PROFITABILITY

EBIT increased by 16% to EUR 185 million and EBIT margin increased from 25.0% in 2010/11 to 26.5% this year. The improvement was primarily due to the impact of lower raw material prices for carmine and scale benefits in the Health & Nutrition Division and the Natural Colors Division while the EBIT margin in the Cultures & Enzymes Division was down, primarily due to an impairment charge of capitalized clinical study costs.

INVESTING IN THE FUTURE

In Chr. Hansen we remain committed to continue to invest in the future. In 2011/12 R&D expenditures incurred reached 7% of revenue and are expected to remain at this level in the near future.

In 2011/12 significant investments have been made in the process of further enhancing our knowledge and documentation on the health benefits from probiotic cultures through extensive clinical studies. One study relating to probiotic cultures effect on the human immune system was finalized in September 2012. The study builds on many years of research on probiotics and is an important part of our strategy to differentiate through documentation. While the study has enhanced our knowledge on the effects from probiotic cultures, we have assessed that data currently available is insufficient for approval of an EU health claim under the article 13.5 hence an EUR 4 million impairment charge of capitalized development costs has been made. Further work and analyses of the knowledge gained through this and previous studies are needed before such an application can be made.

We also continue to invest in optimizing processes as well as new innovative products. During the year a number of new launches were made across our businesses. In 2011/12 revenue from products developed within the last three years accounted for 14% of revenue.

In 2011/12 we continued the investment in production facility. New freeze drying capacity for our Health & Nutrition Division is under construction while a fully automated packaging line for our frozen cultures was added to our facility in Copenhagen. Planning for increasing capacity in Copenhagen also started in 2011/12 with the aim to add capacity within the next two years. Our Natural Colors Division continued to see strong volume growth and investments were made in new production capacity for a new Ultra Stable Red™ anthocyanin color which was introduced in September 2012.

Continued investment in our employees remains important to ensure continued success for Chr. Hansen. In 2011/12 the total number of training days per employee per year increased by 21% to 3.1. The training has ranged from intensive leadership programs to training in anti-trust/competition law and anti-corruption.

Our employee satisfaction survey was conducted in 2011/12 with a score well above industry benchmarks although marginally below the score in the previous survey conducted in 2009/10.

RESOURCE EFFICIENCY

Creating business value while minimizing the impact on the environment from operations is crucial, not only for Chr. Hansen but also for our customers. In 2011/12 several products were launched with a potential of assisting customers to improve the environmental impact from their businesses including products to reduce waste generation due to spoilage of foods at retailers or resource consumption at customers.

SHAREHOLDER STRUCTURE

In January 2012 our former majority shareholder Financière Star 1, Luxembourg entered into an agreement to sell their 25.7% shareholding in Chr. Hansen Holding A/S to NOVO A/S, Denmark. At the end of 2011/12 approximately 55% of the share capital was held primarily by international institutional investors while the remaining 45% of the share capital was held by Danish investors including the shares held by NOVO A/S and 7-8% held by retail investors.

CAPITAL STRUCTURE AND DIVIDEND

In April 2012 the Board of Directors initiated a share buy-back program with the purpose of adjusting the capital structure by distributing excess capital to the shareholders. The Board of Directors is committed to maintaining leverage consistent with a solid investment grade credit profile while returning excess cash to shareholders either through normal and extraordinary dividends or share buy-back programs.

The Company’s dividend policy is a pay-out ratio between 30-50% of profit for the year. For the financial year 2011/12, a dividend of EUR 0.39 (DKK 2.90) per share corresponding to EUR 52 million is proposed. The dividend equals 40% of profit for the year. Proposal of dividends depends on the Board of Director's assessment of factors such as business development, growth strategy and financing needs and there can be no assurance that in any given year a dividend will be proposed or declared.

LOOKING FORWARD

Chr. Hansen is well prepared for the future. Investments in people as well as capacity have been planned and we continue to see attractive growth opportunities in our core business areas but also in adjacent industries where we can leverage our core competencies within fermentation of cultures and production of natural colors. We will also continue to focus on further improving the understanding of the health effects from probiotic cultures through increased documentation although this is likely to take longer than originally expected.

Ole Andersen	**Lars Frederiksen**
Chairman of the Board	CEO

Outlook

OUTLOOK 2012/13

Organic revenue growth

Organic growth is expected to continue to be driven by increased demand for healthy food products and supplements, conversion from in-house bulk starter to industrialized produced cultures and from synthetic to natural colors, demand for value added solutions and continued innovation. Probiotic cultures used in fermented milk products are expected to remain under pressure in the EU.

Organic growth is expected in the range of 7-9%.

After declining during 2011/12 raw material prices for the natural color carmine have stabilized and average sales prices for carmine are expected to be below last year. Especially in Q1 sales prices are expected to be somewhat lower than in Q1 last year.

Excluding effect on sales prices from change in raw material prices for carmine the organic growth is expected to be in the range of 8-10%.

Organic growth in the Cultures & Enzymes Division is expected to remain solid but below the strong organic growth in 2011/12.

The Health & Nutrition Division is expected to deliver organic growth at the same level as last year. However, organic growth across the year is expected to be fluctuating due to timing of orders.

Organic growth excluding effect on sales prices from change in raw material prices for carmine in the Natural Colors Division is expected to be above last year driven by the continued conversion to natural colors.

For the Natural Colors Division organic growth in Q1 is expected to be negatively affected by timing of orders and a strong Q1 last year.

EBIT margin

The EBIT margin before special items and impairments is expected to be above last year driven by Chr. Hansen's scalable business model.

Cash flow

As a consequence of increased investments in capacity expansion, capital expenditure as a percentage of revenue is expected to be above last year. Free cash flow before acquisitions and divestments is expected to be at the same level as in 2011/12.

LONG TERM FINANCIAL AMBITION (3-5 YEARS)

Annual revenue is expected to grow organically in the range of 8-10% while the EBIT margin is expected to increase over the coming 3-5 years, assuming an unchanged business mix. The free cash flow is expected to increase over the coming 3-5 years.

Chr. Hansen will continue the focus on innovation and improving clinical documentation and research & development expenditures incurred as a percentage of revenue are expected to be at the same level as in 2011/12.

The 2012/13 outlook and long-term financial ambition are sensitive to major changes in the global economy including the USD exchange rate and raw material prices for natural colors which could impact the expected result for Chr. Hansen.

Financial review

REVENUE

Revenue amounted to EUR 699 million, an increase of 10% compared to last year. The organic growth of 8% was negatively affected by three percentage points due to changed sales prices reflecting changed raw material prices for carmine.

The Cultures & Enzymes Division accounted for 60% of revenue, unchanged from last year, while the Natural Colors Division accounted for 25% of revenue compared to 26% in 2010/11. The Health & Nutrition Division share of revenue was 15% compared to 14% last year.

GROSS PROFIT

Gross profit increased to EUR 360 million, up 16% compared to 2010/11. Gross margin increased three percentage points to 51.5%, primarily driven by the impact of lower raw material prices for carmine, positive impact of currency exchange effects and scale benefits.

EXPENSES

Expenses totaled EUR 175 million compared to EUR 150 million in 2010/11, equaling an increase of 17%.

Research & Development expenses including amortization and impairment amounted to EUR 36 million. Capitalized development costs amounted to EUR 19 million, an increase of EUR 3 million compared to 2010/11, driven by clinical studies for documentation of probiotic health claims. A clinical study relating to immune health was finalized in September 2012. Preliminary analyses indicated beneficial effects, however, the study did not reconfirm the positive results seen in an earlier study. Chr. Hansen therefore assessed that data currently available were insufficient for approval of an EU health claim resulting in a EUR 4 million impairment of capitalized development costs. Other impairments related to other intangible assets.

EUR million	**2011/12**	2010/11
R&D expenses	35.7	28.2
- Amortization	3.1	2.5
- Impairment	4.8	0
+ Capitalization	19.3	16.3
R&D expenditures incurred	47.1	42.0

The total Research & Development expenditures incurred amounted to EUR 47 million, corresponding to 6.7% of total revenue compared to 6.6% in 2010/11.

Sales and marketing expenses increased by 14% to EUR 90 million, accounting for 12.8% of revenue compared to 12.4% in 2010/11. Administrative expenses increased by 12% to EUR 52 million corresponding to 7.4% of revenue compared to 7.3% in 2010/11.

OPERATING PROFIT (EBIT)

EBIT amounted to EUR 185 million compared to EUR 159 million in 2010/11. The EBIT margin reached 26.5%, up from 25.0% last year, mainly due to scale benefits as well as positive effects from lower carmine prices and rate of exchange. The EBIT margin was negatively impacted by the impairment of capitalized development costs.

NET FINANCIALS AND TAX

Net financial expenses amounted to EUR 13 million compared to EUR 11 million in 2010/11. Net interest expenses declined to EUR 11 million, down from EUR 14 million in 2010/11. Interest of EUR 2 million was capitalized in 2011/12 as borrowing costs included in the cost price of qualifying assets, which are assets that take more than 12 months to complete. In 2010/11 no interest was capitalized. In 2011/12 the net impact from exchange rate adjustments was zero compared to positive exchange rate adjustments of EUR 5 million in 2010/11.

Tax amounted to EUR 41 million compared to EUR 34 million in 2010/11, corresponding to an effective tax rate of 24% compared to 23% last year.

PROFIT FOR THE YEAR

Profit for the year increased to EUR 131 million from EUR 119 million in 2010/11 due to the improved operating profit.

ASSETS

At 31 August 2012, total assets amounted to EUR 1,343 million compared to EUR 1,353 million last year.

Total non-current assets increased by EUR 27 million to EUR 1,083 million. The increase was driven by capitalized development costs, investments in new packaging and freeze drying capacity as well as establishment of production facilities for Ultra Stable Red™ natural color.

Total current assets amounted to EUR 260 million compared to EUR 297 million last year. Inventories increased by EUR 5 million, while trade receivables increased by EUR 1 million. Cash and cash equivalents decreased by EUR 58 million to EUR 61 million.

Net working capital at 31 August 2012 was EUR 99 million, corresponding to 14.1% of revenue compared to EUR 98 million, or 15.3% of revenue at 31 August 2011.

EQUITY

Total equity excluding minorities at 31 August 2012 amounted to EUR 655 million compared to EUR 641 million at 31 August 2011.

Dividends for the financial year 2010/11 amounting to EUR 65 million were paid out in 2011/12.

NET DEBT

Net interest-bearing debt amounted to EUR 364 million at 31 August 2012, which represents 1.5x EBITDA compared to 1.7x EBITDA at 31 August 2011. Adjusting for proposed dividend of EUR 52 million and including the effect of shares bought back as part of the share buy-back program subsequent to year-end EUR 28 million the net interest-bearing debt would be 1.9x EBITDA.

At year-end approximately 62% of the debt was secured at fixed interest rates. The total debt has an average maturity of 2.9 years compared to 4.2 at 31 August 2011.

RETURN ON INVESTED CAPITAL, EXCLUDING GOODWILL (ROIC)

Return on invested capital, excluding goodwill and adjusted for divestment reached 34.1% compared to 30.0% in 2010/11. The increase was driven by improved returns in all three divisions.

CASH FLOW

Cash flow from operating activities was EUR 176 million compared to EUR 150 million in 2010/11. The cash flow improvement was due to higher operating profit and lower growth in net working capital compared to last year, partly offset by an increase in taxes paid, which amounted to EUR 43 million compared to EUR 21 million in 2010/11.

Cash flow from investing activities was EUR 63 million, compared to EUR 26 million in 2001/11, which was impacted positively by EUR 19 million from the sale of the Functional Blends activities. The major investments in 2011/12 included expansion of frozen packaging and freeze drying capacity for cultures, clinical studies and establishment of production facilities for Ultra Stable Red™ natural color. Total capitalized development costs amounted to EUR 19 million compared to EUR 16 million last year. Capital expenditure corresponded to 9.1% of revenue compared to 7.1% last year.

Free cash flow in 2011/12 was EUR 113 million compared to EUR 125 million last year or EUR 105 million excluding divested operations.

Global Sales

Customers - 3 year revenue growth (CAGR)

Top customers	CAGR
Top 5	5%
Top 15	10%
Top 25	11%

Chr. Hansen's profitable growth is built on a customer and industry focused strategy with a strong global sales organization. Around 670 employees or 28% of total employees are employed in sales and marketing.

Chr. Hansen aims to develop long-term, strategic supplier relationships with a diversified customer base. In 2011/12, the top 25 customers accounted for approximately 31% of revenue, unchanged from last year.

Sales and marketing expenses increased by 14% to EUR 90 million compared to EUR 79 million last year and accounted for 12.8% of revenue compared to 12.4% last year.

REVENUE BY REGION

Our Sales operations are divided into four regions: Europe, North America, South America, and Asia Pacific, Middle East & Africa (APMEA).

European region

(46% of total revenue in 2011/12 compared to 51% in 2010/11) Organic growth was 1% in 2011/12 (4% adjusted for changes in sales prices to reflect changes in raw material prices for carmine), while revenue measured in EUR was unchanged. Cultures for fermented milk products delivered good organic growth while lower sale of probiotic cultures, as a consequence of the continued uncertainty relating to the ability to use health claims on food products in the EU, affected the organic growth negatively. Enzymes delivered strong growth. Revenue of natural colors declined as a result of lower carmine prices and lower carmine volume only partly offset by the continued conversion of other colors.

North American region

(24% of total revenue in 2011/12 compared to 21% in 2010/11) Revenue increased by 24%, corresponding to organic growth of 17% (17% adjusted for changes in sales prices to reflect changes in raw material prices for carmine).

Launch of Bio Protective cultures contributed to the strong growth in cultures for fermented milk. Cultures for cheese, human health and animal health products also delivered strong growth. Conversion to natural colors continued to pick-up in North America with organic growth driven by annatto based products.

South American region

(13% of total revenue in 2011/12 compared to 12% in 2010/11) Revenue increased by 18%, corresponding to 22% organic growth (26% adjusted for changes in sales prices to reflect changes in raw material prices for carmine).

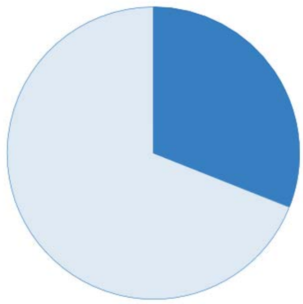
Despite the negative impact from lower carmine prices, natural colors continued the strong organic growth in the region as impact from major contracts was significant in 2011/12. Cultures & Enzymes also delivered very strong growth.

Asia Pacific Middle East & Africa region

(17% of total revenue in 2011/12 compared to 16% in 2010/11) Revenue increased by 16%, corresponding to 10% organic growth (12% adjusted for changes in sales prices to reflect changes in raw material prices for carmine).

The region delivered good growth across all divisions.

CUSTOMER CONCENTRATION
Top 25 customers share of revenue (31%)



Cultures & Enzymes Division

(60% of total revenue)

EUR million	**2011/12**	2010/11
Revenue	419.8	378.8
EBITDA	155.2	143.3
EBIT	119.8	111.3
EBIT margin, %	29%	29%
Organic growth, %	10%	6%
ROIC, excluding goodwill %	32%	30%

The Cultures & Enzymes Division develops, produces and sells cultures, enzymes and probiotics for the food industry in general and the dairy industry in particular. Chr. Hansen's ingredients assist in determining the appearance, taste, nutritional value, health benefits, and product life of a variety of food products. In addition to this Chr. Hansen also helps customers in optimizing production processes as well as increasing yields and improving quality.

OVERALL TRENDS

Chr. Hansen is well positioned to benefit from three global mega trends: Global growth in industrial food production, increased focus on health and wellness and emerging market consumer demand. Consumers are demanding increased functionality in the food and beverages they consume and greater sophistication in features such as taste, viscosity and health benefits.

Global consumption of fermented milk and cheese continued to grow. The growth is driven by the increased demand for healthy food products not least in developing countries.

Conversion from traditionally in-house production of bulk starter cultures towards industrialized cultures using DVS technology continued during 2011/12. Dairy cultures and enzymes for the production of cheese and fermented milk helping customers to improve yield, launch new products and improve shelf life experienced continued growth. Probiotic cultures used in fermented milk products have been negatively affected by the continued uncertainty surrounding the EU process for approval of health claims during the last two years (read more under Research & Development).

Innovation

In the Cultures & Enzymes Division, main focus is to deliver new innovative solutions for the customers through new or improved food cultures and enzymes to the dairy industry, as well as for meat and wine products.

New innovative solutions are often developed in partnerships with customers. During 2011/12 a number of new products were launched (read more under Research & Development).

REVENUE

In 2011/12 revenue in the Cultures & Enzymes Division increased by 11% to EUR 420 million corresponding to an organic growth of 10%. The organic growth for the division was primarily driven by increased sales of cultures for fermented milk and cheese products, which combined accounted for more than 50% of total revenue in the division. Continued conversion as well as product innovation contributed to the growth. Especially the launch of new Bio Protective cultures added positively to the growth.

The organic growth was negatively impacted by reduction in sales of probiotic cultures in Europe primarily related to uncertainty relating to the ability to use health claims on food products in the EU. The decline in sales of probiotic cultures in Europe as well as a slight decline in North America was more than offset by good growth in APMEA and South America. Total sales of probiotic cultures for the period were slightly above the same period last year. Probiotic cultures accounted for approximately 20% of revenue.

Enzymes, which accounted for approximately 20% of revenue, delivered solid organic growth above last year.

Cultures for meat and wine accounted for less than 10% of revenue. Meat cultures delivered strong growth while cultures for wine delivered good growth.

EBIT

In 2011/12 EBIT was EUR 120 million or 8% above last year. EBIT margin for 2011/12 was 28.5% compared to 29.4% last year. The decline was primarily due to impairment of EUR 2 million related to clinical study on immune health, while scale benefits were offset by increased costs related to transportation and outsourced freeze-drying.

ROIC EXCLUDING GOODWILL

The return on capital excluding goodwill was 31.8% in 2011/12 compared to 29.7% in 2010/11. Invested capital excluding goodwill was unchanged compared to last year.

Health & Nutrition Division

(15% of total revenue)

EUR million	**2011/12**	2010/11
Revenue	107.3	90.9
EBITDA	48.1	36.8
EBIT	37.6	30.4
EBIT margin, %	35%	33%
Organic growth, %	13%	16%
ROIC, excluding goodwill %	39%	34%

The Health & Nutrition Division develops, produces and sells products for the dietary supplement, over-the-counter pharmaceutical, infant formula and animal feed industries. The key offering is probiotic cultures with a documented health effect. Through own research and collaboration with leading international scientists, new knowledge and documentation on the impact of probiotics on humans and animals are generated.

OVERALL TRENDS

Human health

The overall market conditions for human probiotic dietary supplements remained favorable in 2011/12, however, with a concentrated customer base the sales remain dependent on specific campaigns by the largest customers.

Over the last couple of years regulation in the area of probiotics for human health and nutrition has become increasingly stringent with respect to the quality of product documentation of health benefits, especially within the EU. Chr. Hansen continuously invests in providing clinical evidence of the health benefits of probiotic strains to retain and attract customers and as a market leader Chr. Hansen has some of the best documented strains in the product portfolio (read more under Research & Development).

Animal health

The strong focus on improving health and reducing mortality in livestock farming to increase production performance is driving implementation of more probiotic concepts in animal feed on a global scale. Both the market for animal probiotics in the livestock industry and the market for silage inoculants experienced growth during 2011/12.

Innovation

World-class technology platforms have been developed from strain screening to development and product formulation, all of which respond to pharmaceutical standards and aim at documenting the efficacy and safety of our probiotic products as well as identifying new probiotic strains.

During 2011/12 a number of new products were launched (read more under Research & Development).

REVENUE

In 2011/12 revenue in the Health & Nutrition Division increased by 18% to EUR 107 million corresponding to an organic growth of 13%.

Human health products, which accounts for approximately 60% of the revenue, experienced solid growth driven by new customer projects.

Animal health products, which accounts for approximately 40% of the revenue, delivered strong growth. Probiotic cultures for Direct Fed Microbials experienced increased penetration within poultry, swine and cattle while silage inoculants delivered strong growth despite the drought in USA.

EBIT

For 2011/12 EBIT was EUR 38 million compared to EUR 30 million last year corresponding to an increase of 24%. The EBIT margin reached 35.0% compared to 33.4% in 2010/11. The improvement was driven by scalability effects from the increased sales volume, production efficiencies and positive currency exchange effect while impairment of EUR 3 million primarily related to clinical study on immune health affected the margin negatively.

ROIC EXCLUDING GOODWILL

Return on invested capital (excluding goodwill) was 39.1% in 2011/12 compared to 33.6% last year. Invested capital excluding goodwill increased by EUR 10 million or 11% compared to 2010/11 mainly due to investments in new freeze-drying capacity and clinical studies for probiotic cultures.

Natural Colors Division

(25% of total revenue)

EUR million	**2011/12**	2010/11
Revenue	171.6	165.9
EBITDA	32.2	21.6
EBIT	27.6	17.5
EBIT margin, %	16%	11%
Organic growth, %	2%	40%
ROIC, excluding goodwill %	41%	27%

The Natural Colors Division develops, produces and sells natural color solutions to the food industry, notably the beverage, confectionery, ice cream, dairy, fruit preparation and prepared food segments. The colors are extracted from a wide range of natural sources such as berries, roots and seeds, and Chr. Hansen masters a number of encapsulation techniques, which help stabilize the color appearance in various food applications.

OVERALL TRENDS

Conversion

The market for natural colors in food and beverages experienced good growth in 2011/12 following a very strong development in 2010/11. Regulatory labeling requirements for certain synthetic colors combined with an increased public demand for natural products led to a continued conversion from synthetic to natural colors in 2011/12. The conversion has primarily been notable in South America, Europe and Asia, while North America has experienced a slower conversion trend. Conversion was primarily seen at global fast moving consumer goods companies within beverages and confectionery. Chr. Hansen was, based on its strong market position and broad range of product solutions, able to take advantage of this trend with volumes up more than 10% in 2011/12.

Sourcing

Following a shortage of raw materials for carmine during most of 2010/11, supply was increased as more raw materials became available leading to decreased pricing during 2011/12, with an average price around USD 30 per kg compared to an average price of USD 100 per kg in 2010/11. As a consequence of the strong conversion rate across the range of natural colors during 2011/12 pressure on sourcing of certain other raw materials than carmine have increased leading to rising raw material prices.

Innovation

Chr. Hansens knowhow within innovation is focused on introducing new pigments from fruits, vegetables, roots and seeds that can deliver properties and added value to customers' applications as well as introducing new products and production processes that can set new standards for naturalness and functionality in the industry. During 2011/12 a number of new products were launched (read more under Research & Development).

REVENUE

In 2011/12 revenue in the Natural Colors Division increased by 3% to EUR 172 million corresponding to an organic growth of 2% (12% adjusted for changed sales prices to reflect change in raw material prices for carmine).

Strong growth was seen across almost all product areas except for carmine that reported significant declining sales prices as well as lower volumes. The organic growth in the division was driven by the continued conversion trend of replacing synthetic colors with natural colors, combined with our presence among market leading customers. The conversion to natural colors continued across all regions although strongest in South America and Europe.

EBIT

In 2011/12 EBIT for the Natural Colors Division was EUR 28 million, an increase of EUR 10 million or 58% compared to last year.

EBIT margin for 2011/12 was 16.1% compared to 10.5% last year. The improvement in EBIT margin was a result of margin improvement in carmine, primarily driven by change in sales prices reflecting changed raw material prices, as well as scalability from the increased sales volume in other colors than carmine.

ROIC EXCLUDING GOODWILL

Return on invested capital excluding goodwill was 40.5% compared to 27.6% last year. Invested capital excluding goodwill increased EUR 6 million or 8% compared to 2010/11 mainly due to investments in production facilities for Ultra Stable Red™ natural color.

Research & Development

INNOVATION

With 6.7% of revenue spent on Research & Development (R&D) in 2011/12 and more than 300 employees dedicated to R&D and technical application activities, innovation is a cornerstone in the Company. Chr. Hansen continues to invest heavily in this area in order to develop new products and concepts that enable customers to become more cost effective or launch new innovative products as well as to further improve our clinical documentation of health claims for probiotic cultures.

Bioscience platform

The majority of Chr. Hansen's product innovation derives from our strong bioscience technology platforms, based on solid scientific knowledge and competencies. Chr. Hansen is the owner of one of the world's largest commercial collections of more than 10,000 lactic acid bacterial strains. From this collection bacterial cultures are screened, selected and improved in order to meet specific requirements in the final food, dietary supplement or feed products.

Helping customers locally

Chr. Hansen operates 19 application and development centers around the world to develop new products in close collaboration with customers and to service their needs locally. These centers also offer focused technical service.

Operating in partnerships

Chr. Hansen is actively entering into partnerships with researchers and companies on innovative projects within our specialized fields. Partnerships can start in all stages of a project from joined research in the early discovery phases to in-licensing of fully developed products. In 2011/12 Chr. Hansen entered, among others, into a partnership with Amino UP Chemical Co., Ltd (Japan) to develop dietary supplements combining probiotics and natural plant derived ingredients.

New innovations

A number of new products have been introduced during 2011/12 including products that help customers to improve yield, launch new innovative products, convert to DVS cultures and reduce wastage. The continued focus on investing in Research & Development provides Chr. Hansen with a broad platform to ensure future growth.

The product launches include:

Cultures & Enzymes Division

- L. casei 431® Juice probiotic for chilled fruit juices
- DVS® SafeIT™ culture with phage robustness for feta-type cheeses enhancing taste, texture and extended shelf life
- Fresco® 3000 cultures for increasing cottage cheese yield
- DVS® OpenIT™ PS-60 culture for fast and controlled eye formation (formation of holes) in Swiss cheeses
- New YoFlex® and probiotic nu-trish® yogurt cultures including cultures for low fat products and for Greek yogurt
- FreshQ® bioprotection cultures.

Health & Nutrition Division

- Probiotic chewable tablet combining Lactobacillus L. casei 431® and vitamin C
- Probiotic stick powder with Lactobacillus rhamnosus LGG® and Oral rehydration solution.

Natural Colors Division

- I-Colors™ range of instant natural colors for powder soft drinks
- New coloring foodstuffs range FruitMax®, for various confectionery applications
- Ultra Stable Red™ anthocyanin solution for naturally colored red beverages.

Products developed within the last three years accounted for 14% of revenue in 2011/12 compared to 15% in 2010/11.

INTELLECTUAL PROPERTY RIGHTS

A strong and protected technology platform is important for Chr. Hansen. In order to support sustainable and profitable growth of the Company, the knowledge and technology platforms are secured by filing of patent applications. New product developments are protected as well as existing business by strategic filing of trademark applications. In 2011/12 Chr. Hansen filed around 25 patent applications.

EFSA – HEALTH CLAIMS

Having produced lactic acid bacteria for more than 100 years Chr. Hansen has been committed to delivering clinically documented probiotics for the food, dietary supplement, infant formula and agricultural industries since the 1980s. However, Governments and agencies, especially the European Food Safety Authority (EFSA) in the EU, are introducing more stringent rules and regulations related to documentation of health claims in food related products.

In 2007 the EFSA, mandated by the European Commission, initiated a process to evaluate the scientific validity of food product health claims. According to the European Commission's Regulation on Nutrition and Health Claims, health claims can be made under Article 13.1 or 13.5. With respect to probiotic products, Article 13.1 claims are generic and cover all claims existing before 2008. Article 13.5 claims, on the other hand, specifically relate to a particular bacterial strain and based on new scientific evidence. Protection of proprietary data can be requested for Article 13.5 claims.

Article 13.1 - claims

In May 2012 the EU parliament approved the list of permitted health claims under Article 13.1. As a consequence of this the transition period for rejected health claims for use on food under Article 13.1. will end by 14 December 2012 after which these health claims can no longer be used. No health claims on probiotic cultures have been approved under article 13.1.

Article 13.5 - claims

The process has shown that approval of health claims related to probiotics must take place under Article 13.5. In 2010, Chr. Hansen initiated a clinical study program. The program is aiming at further documenting the beneficial effect of two of the main probiotic strains on the immune system and gastrointestinal health. In addition, a number of clinical studies are conducted in cooperation with selected commercial partners and universities.

Immune health

A first study on immune health was successfully finalized and results were published in September 2011. Based on the positive outcome, Chr. Hansen initiated a second immune study which was partly reported in September 2012. Preliminary analyses indicated beneficial effects of the probiotic strain, however, the study did not reconfirm the positive results seen in the previous immune study. Chr. Hansen have assessed that data currently available are insufficient for approval of an EU health claim. This underlines the difficulties in the clinical setup required by EFSA for approving positive effects from food supplements – to document health benefit in a general healthy population. Chr. Hansen will now assess different study setups to determine the next activities within immune health.

Gastrointestinal health

Clinical studies, investigating the effect of probiotic strains on the gastrointestinal health are continuing as planned and first results are expected around year end 2012.

Corporate Social Responsibility (CSR)

CSR AMBITIONS 2019/20

Chr. Hansen focuses on strategic Corporate Social Responsibility (CSR) projects which support the development of its businesses. Anchored at the top management level the CSR Board sets the overall direction for policies, strategies and goals implemented through global and local management systems based on internationally recognized standards such as FSSC 22000 and ISO 14001.

Chr. Hansen seeks to engage in partnerships with customers, suppliers and other stakeholders to solve CSR related issues. The partnerships often aim at increasing yields, improving nutritional value, supply chain optimization and meeting consumers' expectations for safe products, health benefits, natural and great taste combined with low fat, etc. all in line with the vision of improving food and health in the entire value chain.

To drive the integration of CSR in its businesses Chr. Hansen has set targets for performance by 2019/20 within areas such as Product Safety and Quality, People Development and Welfare, Sustainable Sourcing, Community Involvement, Resource Efficiency, Pollution Prevention and Climate Change Mitigation and Adaption.

Chr. Hansen has signed up to the UN Global Compact principles which remain core to the Company's work on corporate social responsibility and Company policies, goals and actions match UN Global Compact's ten principles.

Chr. Hansen works on developing the organization through focus on diversity in order to create the largest potential talent pool to recruit from. The CSR strategy and 2020 ambitions have been updated with targets on diversity and inclusion. Performance is measured primarily on targets related to gender, nationality and age across the organizations including at management levels.

PRODUCT SAFETY AND QUALITY

High product safety and thereby consumer safety is a cornerstone for supplying the food, feed and pharma industries. Complying with regulation and the most stringent standards has been driving the ISO 22000 and FSSC 22000 certification scheme in Chr. Hansen. 12 sites have so far been FSSC 22000 certified and we aim to complete all production sites by the end of calendar year 2013.

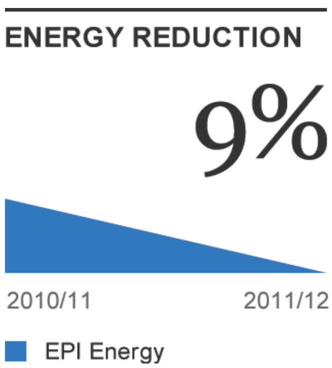
By the end of 2011/12 the targets for product safety were revised to increase alignment between value creation and risk management. Leading targets on first time right and audit findings related to product safety was prioritized over previous lagging targets on e.g. number of recalls.

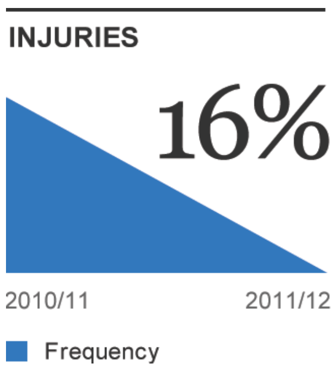
PEOPLE DEVELOPMENT

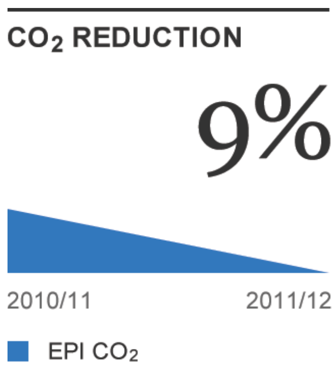
Unfolding leadership potential is vital to Chr. Hansen's future development. In 2011/12 a group of high-potential managers from six countries completed the first two out of three modules in an extensive leadership development program "High Flying" designed by Chr. Hansen.

The total number of training days per employee per year is now at 3.1, representing an increase of 21% compared to 2010/11. The focus on training and development will continue in the coming years.

In 2011/12, 870 employees with regular contact with suppliers, customers, authorities and other stakeholders received training in anti-trust/competition law and anti-corruption, using







an e-learning platform.

Employee Satisfaction

An employee satisfaction survey is conducted every other year. In 2011/12 the result remained at a high level, although minor decreases were recorded compared to an all-time high score in 2009/10. The overall satisfaction and motivation decreased marginally by 1.1 point to index 74.9. This rating is satisfactory as an index above 75 is considered very good. Compared to the industry benchmark of 65, Chr. Hansen is performing very well. The results from the survey are used across the organization through follow-up sessions etc.

Health and Safety

In 2011/12 the frequency of lost time incidents per one million working hours (LTI) improved from 12 in 2010/11 to 10. None of the accidents were severe, however, as even one is too many an extensive safety program, building on experience from the production facility in the USA, has been rolled out at the main production sites. The program focuses on safe behavior, on improving awareness, communication and taking responsibility.

SUSTAINABLE SOURCING

With the significant growth in demand for natural colors focus on ensuring sustainable sourcing of raw materials such as berries, vegetables and fruits from farms or pigment extractors has increased. A steering committee anchored at top management level has been established to continuously monitor progress on the vendor lifecycle management system and to ensure any issues are solved in co-operation with customers and suppliers.

RESOURCE EFFICIENCY, POLLUTION PREVENTION & CLIMATE CHANGE MITIGATION

Performance on energy consumption and CO_2 emission improved compared to 2010/11. Resource utilization increased by 9% for energy consumption per produced unit while CO_2 emission was reduced by 9% per produced unit.
Performance on water declined by 9% per produced unit compared to last year as technical challenges led to a reduced level of recycled water in the production of cultures. Chr. Hansen targets a goal of only increasing water and energy consumption by half of the growth in production volume.

In 2011/12 several products were launched with a potential of assisting customers to improve the environmental impact from their businesses including products to reduce waste generation due to spoilage of foods at retailers or resource consumption at customers. Internally, an increased focus on transporting more products via sea compared to air is expected to reduce CO_2 emissions further in the future while a new packaging concept for cultures is expected to increase recycling.

Management's review does not comprise a full report on corporate social responsibility as required by the Danish Financial Statements Act on corporate social responsibility reporting, section 99a. Reference is made to Chr. Hansen's Communication of Progress 2011/12 (COP) report to the UN Global Compact, complying with the requirements. The report is available at http://www.chr-hansen.com/about-us/csr.

Shareholder information

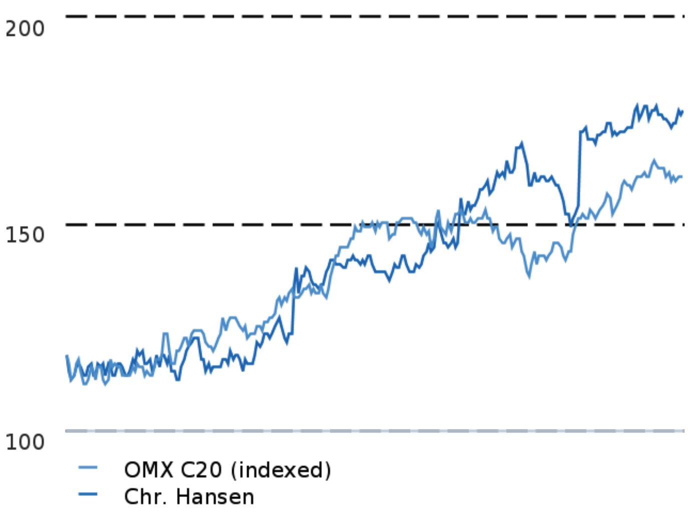
Chr. Hansen Holding A/S is listed on NASDAQ OMX Copenhagen and aims to provide long-term returns to shareholders through increase in share price and dividends.

Price performance and trading volume
Chr. Hansen Holding A/S' share price developed positively during 2011/12. At the beginning of the financial year the share was priced at DKK 118.3, while the share price by the end of August 2012 was DKK 176.8, representing an increase of 49%. The average daily turnover was DKK 52 million. Chr. Hansen Holding A/S is included in a number of share indexes including the NASDAQ OMX Copenhagen C20 index (since December 2010), which consists of the 20 most traded large cap shares on the stock exchange. The C20 index increased by 36% during Chr. Hansen's financial year 2011/12.

Total Shareholder return and capital structure
The Board of Directors regularly assess whether the capital structure of Chr. Hansen continues to be in accordance with the shareholders' best interest. The Board of Directors is committed to maintaining leverage consistent with a solid investment grade credit profile while returning excess cash to shareholders either through normal and extraordinary dividends or share buy-back programs.

Chr. Hansen Holding A/S' dividend policy is a pay-out ratio between 30-50% of net profit. The proposal of dividends depends on the Board of Director's assessment of factors such as business development, growth strategy and financing needs and there can be no assurance that in any given year a dividend will be proposed or declared.

SHARE PERFORMANCE
1 September 2011 - 31 August 2012



Share buy-back program
With the purpose of adjusting the capital structure by distributing excess capital to the shareholders a share buy-back program (structured in compliance with the EU Safe Harbor regulation No. 2273/2003 of 22 December 2003) of up to EUR 80 million was initiated on 19 April 2012.

In the period 19 April – 31 August 2012 a total number of 2,348,789 shares were acquired under the program at a total transaction value of EUR 52.0 million. The program was concluded on the 19 October 2012 with a total number of 3,534,244 shares acquired at a total transaction value of EUR 80 million.

The Board of Directors intends to recommend to the shareholders at the next Annual General Meeting on 27 November 2012 to reduce the share capital by the number of shares acquired, nominal EUR 35,342,440 million.

Dividend
The Board of Directors proposes that the Annual General Meeting approves a dividend of EUR 0.39 (DKK 2.90) per share for the financial year 2011/12, corresponding to a total dividend payment of EUR 52 million. The dividend equals 40% of profit for the year.

With the mentioned initiatives the Board of Directors believes that the Company's capital and share structure will serve the interest of the shareholders. The capital structure will regularly be assessed to determine whether is remains in accordance with the shareholders' best interest.

Shareholders and share capital
At the end of August 2012 Chr. Hansen Holding A/S had around 18,000 institutional and private shareholders. Novo A/S held more than 25% of the share capital, while Chr. Hansen Holding A/S held 3.8% partly as part of the share buy-back program and partly in order to meet certain obligations to deliver shares under management incentive programs. The remaining share capital in free-float is primarily owned by institutional investors from Denmark, UK and the USA. Around 75% of the share capital in free-float is owned by international investors while private

investors hold approximately 10% of the share capital in free-float.
The listed company Chr. Hansen Holding A/S' only activity is general management and central administration of shareholdings in companies in the Chr. Hansen Group.

Analyst coverage
The Company is currently covered by more than 15 analysts, including major international investment banks. A list of analysts covering Chr. Hansen can be found on http://investor.chr-hansen.com/analysts.cfm

Investor Relations position and activities
Chr. Hansen Holding A/S seeks to ensure that relevant, accurate and timely information is made available to the capital markets to serve as a basis for regular trading and a fair pricing of the Company's shares.

By providing the said information Chr. Hansen is aiming to ensure that it is perceived as a visible, accessible, reliable and professional company by the investor community and that the Company is regarded among the best concerning these matters compared to similar companies.

The above shall be achieved while complying with the rules and legislation for listed companies on NASDAQ OMX Copenhagen and by observing the Chr. Hansen's position on communication.

Chr. Hansen aims to maintain a high and uniform level of information to the investor community and seeks to ensure that adequate information is returned from the investor community to the Executive Board and the Board of Directors.

During 2011/12 Chr. Hansen held more than 250 meetings with investors and analysts including road shows to Copenhagen, London, New York, Boston, Paris, Frankfurt, Stockholm, Geneva, Zürich, Oslo, Helsinki, Amsterdam and Vienna as well as participated in a number of conferences held by various brokers.

CONTACT

The Investor Relations department handles the daily contact with analysts and investors.
Head of Investor Relations
Senior Director
Anders Mohr Christensen
Tel: +45 4574 7618
Email: dkamc@chr-hansen.com

HOMEPAGE

Our homepage includes both historical and current information about the company, including company announcements, investor presentations, teleconferences, financial calendar, annual report etc. http://investor.chr-hansen.com/

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday, 27 November 2012 at Chr. Hansen's headquarter, Boege Allé 10-12, 2970 Hoersholm at 4pm CET.

SHARE DATA

Share capital DKK	1,380,342,200
Number of shares	138,034,220 of DKK 10
Outstanding shares	132,751,457
Classes of shares	1
Voting and ownership restrictions	None
Stock exchange	NASDAQ OMX Copenhagen A/S
ISIN code	DK0060227585
Ticker symbol	CHR

FINANCIAL CALENDAR

Annual General Meetings

27 November 2012	Annual General Meeting 2011/12
26 November 2013	Annual General meeting 2012/13

Results announcements 2012/13

16 January 2013	Interim Report Q1
11 April 2013	Interim Report Q2
3 July 2013	Interim Report Q3
23 October 2013	Annual Report 2012/2013

COMPANY ANNOUNCEMENTS 2011/12

3 November 2011	Full-year financial results 2010/11
3 November 2011	Transactions by senior employees
4 November 2011	Annual General Meeting
7 November 2011	Transactions by senior employees
8 November 2011	Transactions by senior employees
17 November 2011	Major shareholder announcement from Financière Star 1 S.A.
18 November 2011	Transactions by senior employees
19 November 2011	Major shareholder announcement from Capital Research
21 November 2011	Transactions by senior employees
29 November 2011	Decisions of annual general meeting
11 January 2012	Interim report Q1 2011/12
11 January 2012	Announcement from Financière Star 1 S.A. and Novo A/S
12 January 2012	Transactions by senior employees
12 January 2012	Transactions by senior employees
16 January 2012	Transactions by senior employees
17 January 2012	Transactions by senior employees
23 January 2012	Transactions by senior employees
3 February 2012	Transactions by senior employees
6 February 2012	Transactions by senior employees
8 February 2012	Transactions by senior employees
29 March 2012	Announcements from Financière Star 1 S.A. and Novo A/S
19 April 2012	Interim report Q2 2011/12
19 April 2012	Initiation of share buy-back program
23 April 2012	Update - share buy-back program
30 April 2012	Update - share buy-back program
7 May 2012	Update - share buy-back program
14 May 2012	Update - share buy-back program
21 May 2012	Update - share buy-back program
29 May 2012	Update - share buy-back program
4 June 2012	Update - share buy-back program
11 June 2012	Update - share buy-back program
18 June 2012	Update - share buy-back program
25 June 2012	Update - share buy-back program
2 July 2012	Update - share buy-back program
4 July 2012	Interim Report Q3 2011/12
6 July 2012	Transactions by senior employees
9 July 2012	Update - share buy-back program
10 July 2012	Transactions by senior employees
11 July 2012	Transactions by senior employees
16 July 2012	Update - share buy-back program
23 July 2012	Update - share buy-back program
30 July 2012	Update - share buy-back program
1 August 2012	Transactions by senior employees
6 August 2012	Update - share buy-back program
13 August 2012	Update - share buy-back program
20 August 2012	Financial calendar 2012/2013
20 August 2012	Update - share buy-back program
27 August 2012	Update - share buy-back program

Corporate governance

Corporate Governance refers to the way a company is managed and controlled through ownership, management structure, incentive schemes and corporate laws etc. The Board of Directors of Chr. Hansen Holding A/S remains committed to follow the Recommendations on Corporate Governance ("Anbefalinger for god selskabsledelse") as adopted on 16 August 2011 by NASDAQ OMX Copenhagen in its Rules for Issuers of shares and has complied with the recommendations in all respects in 2011/12.

As listed on NASDAQ OMX Copenhagen and pursuant to section 107b of the Danish Financial Statements Act ("Årsregnskabsloven") the Board of Directors of Chr. Hansen Holding A/S shall prepare a statement on corporate governance for the 2011/12 financial year. The statement is included in the Directors' report and can be reviewed on http://investor.chr-hansen.com/governancestatement.cfm. The statement includes a description of Chr. Hansen's approach to the "Recommendations on Corporate Governance"; a description of the management structure and the main elements of the internal control and risk management systems in connection with the Company's financial reporting process.

MANAGEMENT STRUCTURE

Being a Danish company, Chr. Hansen Holding A/S has a management structure consisting of a Board of Directors and a day-to-day management as illustrated below. Further information is available in the above mentioned statement on Corporate Governance.

Risk management

Risk management is an integrated part of doing business in the Chr. Hansen organization. During 2011/12 Chr. Hansen has implemented a new Enterprise Risk Management process where risks are identified, monitored and reported to the Executive Board and the Board of Directors. The purpose of this process, which involves line management, is to identify risks as early as possible and enable management to proactively adapt the business processes and controls to meet, manage or mitigate these risks.

Significant risks are evaluated based on the possible safety, business or financial impact and the likelihood of the risk materializing. Clear roles and responsibilities are assigned to major risks and mitigation initiatives are identified, prioritized and launched.

The most significant risks identified are described below, including the measures taken to mitigate the risks. The risks are not listed in order of priority. The risk overview may, however, not include all risks that could ultimately affect Chr. Hansen. Some risks not yet identified, or risks which currently are not expected to be significant could ultimately have a significant impact on Chr. Hansen's businesses.

STRATEGIC RISKS

Product safety

The majority of Chr. Hansen's products are sold to the food and life science industries. Most of our products are components in customers' end products that are consumed as food, beverages or dietary supplements. Consequently, impeccable product safety is of the utmost importance. Chr. Hansen's customers demand and expect high quality products and it is a major strategic risk for the Company if the safety of our products is questioned by our customers, the consumers or the authorities.

To ensure the highest product safety, Chr. Hansen has an extensive quality assurance program covering the entire value chain, from sourcing of raw materials until the finished products are delivered to our customers. Additionally, Chr. Hansen is performing risk assessments in the application phase of our products at the customers' sites and for the final consumption.

Chr. Hansen's production management program is built on a risk evaluation model and is certified up against international standards such as ISO 9001 and ISO 22000. All of our products are procured in accordance with ISO 22000 while 12 production sites, so far have been FSSC 22000 certified. The remaining two production sites are expected to receive the certification by the end of calendar year 2013.

Health claims

Chr. Hansen has some of the best documented probiotic strains available on the market. However, governments and agencies, especially The European Food Safety Authority (EFSA), are introducing more stringent rules and regulations related to documentation of health claims in food related products.

Chr. Hansen works diligently to further improve the documentation of health claims for our probiotic products. Chr. Hansen has the critical mass to ensure adequate documentation of all our products, and our work to provide this documentation will enable Chr. Hansen to retain its leading position and competitive edge within these markets. Please refer to "Research & Development" [insert hyperlink] for further information regarding Chr. Hansen's clinical study program.

OPERATIONAL RISKS

Production

Chr. Hansen has five main production sites located in Denmark (2), France, Germany and USA. These sites represent the core of Chr. Hansens business, and each site carefully monitors safety and delivery performance to manage all potential risks. With the main production consolidated on few sites, capacity is optimized in order to reduce production costs. To minimize the risk of production breakdown or failure, Chr. Hansen has implemented a risk prevention program where safety audits are conducted regularly ensuring that maintenance and replacements are performed preventively. Furthermore, we are continuously working on establishing redundant capacity for key-processes and maintain safety stock of products.

Legal Proceedings

Chr. Hansen is from time to time party to legal proceedings arising in the ordinary course of our business and were as of 31 August 2012 defendant in several diacetyl related lawsuits based on alleged personal injuries as a result of exposure to diacetyl vapors. The diacetyl lawsuits are not expected to have a material adverse effect on Chr. Hansen's financial position or results of operation. Chr. Hansen has an insurance covering losses from diacetyl claims against the Company at the time of production of products containing diacetyl. A condition for insurance is that the claims are based on the same liability entailing conduct. The insurance is expected to be adequate to cover any losses arising from the cases related to diacetyl exposure.

Human Capital

Attracting and retaining the best employees and new talents are central to drive Chr. Hansen to the best performance. Human knowledge is instrumental to Chr. Hansen's business and there is a strong focus on continuously building and expanding the knowledge base by actively developing the key competencies of the employees. In Chr. Hansen, a large number of field experts and scientists are employed. Developing their skills and knowledge is an important part of building competencies globally. It is, however, equally essential to integrate these highly qualified employees in the day-to-day business and help them become better at converting their expertise into business value.

Health and safety

Chr. Hansen is committed to continuously improving both the physical and psychological work environment so that employees experience a safe working environment. The work on reducing health and safety risks, implementing preventive actions and creating a good physical and psychological work environment is done through official positions on health and safety. An ongoing monitoring of the health and safety environment is conducted by the health and safety organization which includes representatives from various functions across the Group. Furthermore, training is carried out to heighten health and safety awareness in the organization.

Tax and transfer pricing

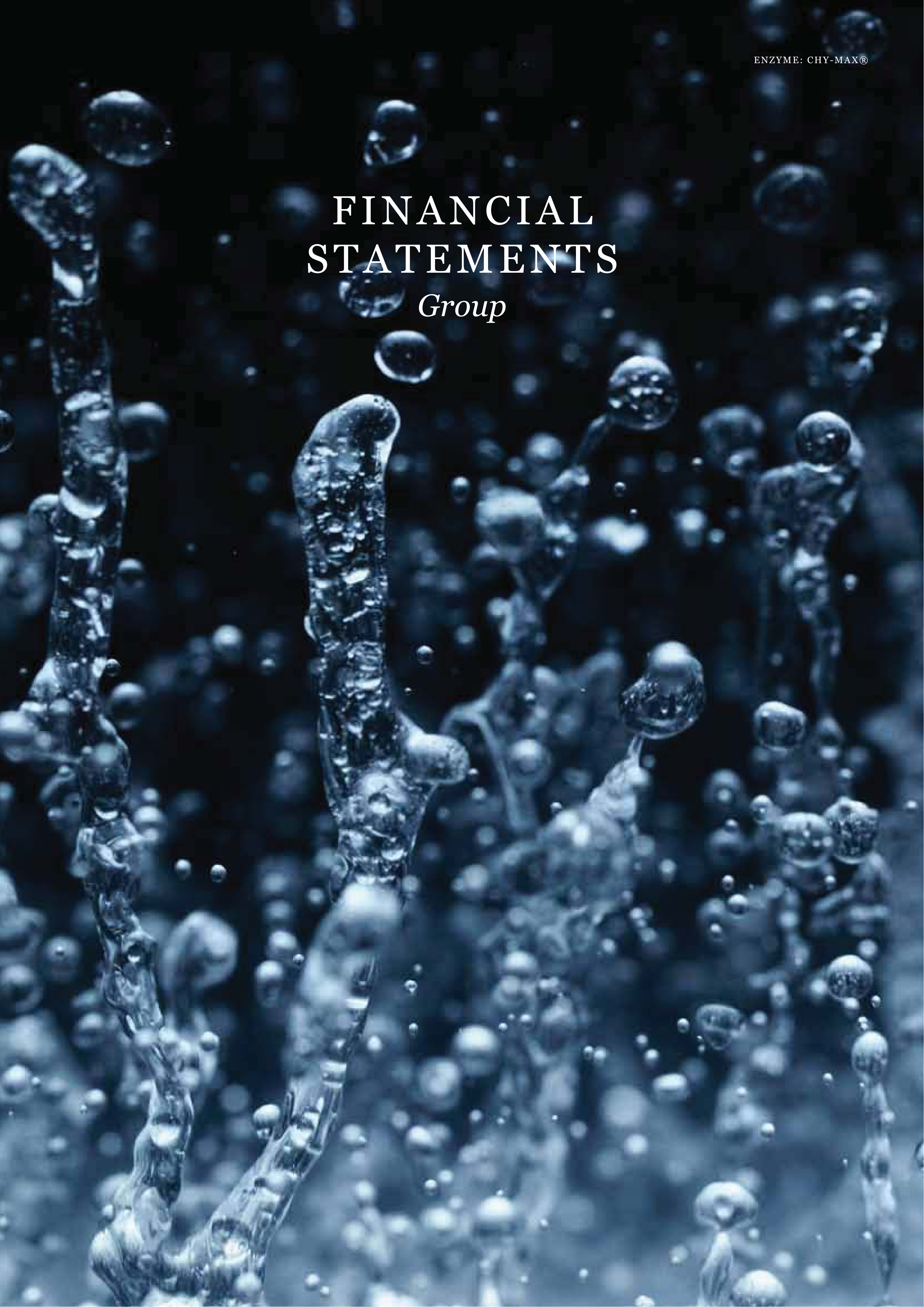
Chr. Hansen is a global company that operates in multiple jurisdictions with different tax rules and regulations. It is the Company's intention always to fulfill tax requirements in all the countries where business is conducted. Chr. Hansen constantly works on creating tax awareness in the organization and has defined clear roles and responsibilities between line management, local finance and the Group Tax function.

However, tax and transfer pricing disputes do arise from time to time as cross border transactions receive increasing attention from local tax authorities. Group Tax ensures compliance with the Group's tax position. In cooperation with tax advisors requests from local tax authorities are met and a positive dialogue with local tax authorities are pursued in order to prevent disputes. Please refer to note 9 in the consolidated financial statements for further information on tax.

FINANCIAL RISKS

Being an international company, Chr. Hansen is exposed to a number of financial risks relating to currency and interest rate fluctuations, funding and liquidity, credit and counter party risk. Please refer to note 24 in the consolidated financial statements for further information on these risks.

FINANCIAL STATEMENTS
Group



ENZYME: CHY-MAX®

Consolidated Financial Statements - Chr. Hansen Group

Notes

Income Statement
1 September - 31 August

EUR million	Note	2011/12	2010/11
Revenue	3	698.7	635.6
Cost of sales	4, 5	(339.1)	(326.9)
Gross profit		**359.6**	**308.7**
Research and development expenses	4, 5	(35.7)	(28.2)
Sales and marketing expenses	4, 5	(89.6)	(78.9)
Administrative expenses	4, 5, 6	(51.6)	(46.1)
Other operating income		4.2	4.2
Other operating expenses		(1.9)	(0.5)
Operating profit		**185.0**	**159.2**
Financial income	7	32.4	37.6
Financial expenses	8	(45.1)	(48.5)
Profit before tax		**172.3**	**148.3**
Corporation tax	9	(41.0)	(34.1)
Profit from continuing operations		**131.3**	**114.2**
Result from discontinued operations	10	-	4.4
Profit for the year		**131.3**	**118.6**
Distributed to:			
Non controlling interests		2.0	1.9
Shareholders of Chr. Hansen Holding A/S		**129.3**	**116.7**
Earnings per share (EUR)	11	0.96	0.86
Earnings per share, diluted (EUR)	11	0.95	0.86
Earnings from continuing operations per share (EUR)	11	0.96	0.83
Earnings from continuing operations per share, diluted (EUR)	11	0.95	0.83

Statement of comprehensive income

EUR million	Note	2011/12	2010/11
Profit for the year		**131.3**	**118.6**
Currency translation of foreign group entities		4.0	(10.1)
Deferred gains/(losses) on cash flow hedges arised during the year		(6.3)	(0.7)
Gains/(losses) on cash flow hedges expired during the year		0.9	0.1
Tax related to cash flow hedge		1.4	0.2
Other comprehensive income for the year		**-**	**(10.5)**
Total comprehensive income for the year		**131.3**	**108.1**
Distributed to:			
Shareholders of Chr. Hansen Holding A/S		128.9	107.4
Non controlling interests		2.4	0.7
		131.3	108.1

Balance sheet at 31 August

EUR million

Assets	Note	**2012**	2011
Non-current assets			
Intangible assets			
Goodwill	12	622.4	611.3
Other intangible assets	13	141.8	150.1
Intangible assets in progress	13	51.0	42.5
Total intangible assets		**815.2**	**803.9**
Property, plant and equipment			
Land and buildings	14	123.3	122.1
Plant and machinery	14	85.8	95.5
Other fixtures and equipment	14	9.3	8.9
Property, plant and equipment in progress	14	41.9	17.6
Total property, plant and equipment		**260.3**	**244.1**
Other non-current assets			
Deferred tax	22	7.4	7.7
Total other non-current assets		**7.4**	**7.7**
Total non-current assets		**1,082.9**	**1,055.7**
Current assets			
Inventories			
Raw materials and consumables		14.3	16.7
Work in progress		26.8	23.9
Finished goods and goods for resale		42.1	37.5
Total inventories	15	**83.2**	**78.1**
Receivables			
Trade receivables	16	86.7	85.6
Tax receivable		5.1	2.3
Other receivables	17	17.8	7.6
Prepayments	18	6.7	5.3
Total receivables		**116.3**	**100.8**
Cash and cash equivalents	19	**60.5**	**118.1**
Total current assets		**260.0**	**297.0**
Total assets		**1,342.9**	**1,352.7**

Balance sheet at 31 August

EUR million

Equity and liabilities	Note	2012	2011
Equity			
Share capital	20	185.3	185.3
Reserves		469.8	455.3
Non controlling interests		5.5	3.7
Total equity		**660.6**	**644.3**
Liabilities			
Non-current liabilities			
Employee benefit obligations	21	5.1	5.2
Deferred tax	22	69.2	69.2
Provisions	23	1.4	1.2
Borrowings	24	384.3	434.9
Corporation tax		14.5	16.0
Other non-current debt		1.7	2.3
Total non-current liabilities		**476.2**	**528.8**
Current liabilities			
Provisions	23	1.0	1.0
Borrowings	24	40.1	30.7
Prepayments from customers		0.2	0.4
Trade payables		71.1	66.2
Corporation tax		35.5	34.8
Other payables	25	58.2	46.5
Total current liabilities		**206.1**	**179.6**
Total liabilities		**682.3**	**708.4**
Total equity and liabilities		**1,342.9**	**1,352.7**

Statement of changes in equity

2012

		Shareholders of Chr. Hansen Holding A/S							
EUR million	Note	**Share capital**	**Treasury stock**	**Currency translation**	**Cash flow hedge**	**Retained earnings**	**Total**	**Non controlling interests**	**Total**
Equity 1 September 2011		**185.3**	**(35.0)**	**(6.1)**	**(1.6)**	**498.0**	**640.6**	**3.7**	**644.3**
Total comprehensive income for the year, cf. Statement of comprehensive income		-	-	3.6	(4.0)	129.3	128.9	2.4	131.3
Purchase of treasury shares *		-	(53.3)	-	-	-	(53.3)	-	(53.3)
Share-based payment	26	-	-	-	-	3.8	3.8	-	3.8
Dividend		-	-	-	-	(64.9)	(64.9)	(0.6)	(65.5)
Equity 31 August 2012		**185.3**	**(88.3)**	**(2.5)**	**(5.6)**	**566.2**	**655.1**	**5.5**	**660.6**

* EUR 52.0 million is from the share buy-back program

For the financial year 2011/12, a dividend of EUR 0.39 (DKK 2.90) per share corresponding to EUR 51.7 million is proposed.

2011

		Shareholders of Chr. Hansen Holding A/S							
EUR million	Note	**Share capital**	**Treasury stock**	**Currency translation**	**Cash flow hedge**	**Retained earnings**	**Total**	**Non controlling interests**	**Total**
Equity 1 September 2010		**185.4**	**(35.0)**	**2.7**	**(1.2)**	**390.1**	**542.0**	**3.7**	**545.7**
Total comprehensive income for the year, cf. Statement of comprehensive income		(0.1)	-	(8.8)	(0.4)	116.7	107.4	0.7	108.1
Share-based payment	26	-	-	-	-	2.8	2.8	-	2.8
Dividend		-	-	-	-	(11.6)	(11.6)	(0.7)	(12.3)
Equity 31 August 2011		**185.3**	**(35.0)**	**(6.1)**	**(1.6)**	**498.0**	**640.6**	**3.7**	**644.3**

Cash flow statement 1 September - 31 August

EUR million	Note	**2011/12**	2010/11
Operating profit		**185.0**	**159.2**
Adjustments	27	55.0	45.9
Change in working capital	28	(6.7)	(19.4)
Interest payments received		2.6	1.3
Interest payments made		(16.1)	(15.2)
Taxes paid		(43.4)	(21.4)
Cash flows from operating activities		**176.4**	**150.4**
Proceeds from divested operations	10	-	19.4
Investments in intangible assets		(23.1)	(23.3)
Investments in property, plant and equipment		(40.5)	(22.1)
Sale of property, plant and equipment		0.5	0.2
Cash flows from investing activities		**(63.1)**	**(25.8)**
Free cash flows		**113.3**	**124.6**
Repayment of long-term loans		(57.3)	(56.4)
Treasury shares		(50.9)	-
Dividend for 2010/11 (2009/10)		(64.9)	(11.6)
Non controlling interests, dividend etc.		(0.6)	(0.7)
Cash flows from financing activities		**(173.7)**	**(68.7)**
Cash flows from discontinued operations	**10**	**(1.0)**	**4.0**
Net cash flows for the year		**(61.4)**	**59.9**
Cash and cash equivalents at 1 September		118.1	61.0
Unrealised exchange gain/loss included in cash and cash equivalents		3.8	(2.8)
Net cash flow for the year		(61.4)	59.9
Cash and cash equivalents at 31 August		**60.5**	**118.1**

Notes

NOTE 1 ACCOUNTING POLICIES

BASIS OF PREPARATION

The Consolidated Financial Statements for Chr. Hansen Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union as well as additional Danish disclosure requirements applying to enterprises of reporting class D.

GENERAL INFORMATION ON RECOGNITION AND MEASUREMENT

The Consolidated Financial Statements have been prepared under the historical cost method, except for the measurement of certain financial instruments at fair value.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying amount before the changed classification and the fair value less cost to sell.

The accounting policies set out below have been used consistently in respect of the financial year 2010/11 and the comparative figures. The accounting policies are unchanged, except for the implemented amendments to IFRS/IAS standards as stated below.

TRANSLATION FROM FUNCTIONAL CURRENCY TO PRESENTATION CURRENCY

Financial items for each of the reporting entities of the Group are measured in the currency of the primary economic environment in which the entity operates (the functional currency).

Assets, liabilities and equity items are translated from each of the reporting entities functional currency to EUR at the balance sheet date. The income statements are translated from the functional currency into the presentation currency based on the average currency rate for the individual months. Translation of the equity at the beginning of the period and translation of the income statement from the average rates to the currency rate at the balance sheet date are recognized in other comprehensive income and presented as a separate reserve in equity.

The functional currency of the parent Company is the Danish kroner (DKK). However, due to the Group's international relations, the consolidated accounts are presented in euro (EUR).

NEW AND AMENDED STANDARDS

Chr. Hansen has adopted all new or amended accounting standards and interpretations (IFRS's) issued by IASB and endorsed by the European Union effective for the accounting year 2011/12. The application of the new IFRS did not have any material impact on the Consolidated Financial Statements in 2011/12 and we do not anticipate any significant impact on future periods from the adoption of these new IFRS's.

The IASB has issued the following new or amended standards and interpretations, which have been adopted by the European Union but not yet implemented by the Group:

- Changes to IAS 1 which adjusts the presentation of items of other comprehensive income. The change is effective for financial years beginning on or after 1 July 2012.
- Changes to IAS 19 removing the "corridor method" in measurement of defined benefit plans. The change is effective for financial years beginning on or after 1 January 2013.

In addition, the following new or amended standards and interpretations of relevance to the Group have been issued but not yet adopted by the European Union:

- IFRS 9 "Financial instruments". The number of asset classes for financial assets has been reduced to two: amortized cost value or fair value. The standard incorporates new requirements on accounting for financial liabilities. The standard is effective for financial years beginning on or after 1 January 2015.
- Annual improvements 2010 and 2011. Minor changes to various standards and interpretations.
- IFRS 10 "Consolidated Financial Statements" establishes principles for the presentation and preparation of Consolidated Financial Statements. The standard is effective for financial years beginning on or after 1 January 2013.
- IFRS 11 "Joint arrangements" reduces the number of joint arrangements to two: joint operations and joint ventures. The standard is effective for financial years beginning on or after 1 January 2013.
- IFRS 12 "Disclosures of interest in other entities" states disclosure requirements for entities with interests in businesses covered by IFRS 10, IFRS 11 or IAS 28. The standard is effective for financial years beginning on or after 1 January 2013.

- IFRS 13 "Fair value measurement" provides guidance on fair value measurement and disclosure requirements. The standard is effective for financial years beginning on or after 1 January 2013.

None of the new and amended standards are expected to have a material effect on the Group's reporting. The Group expects to adopt the standards and interpretations when they become mandatory.

BASIS OF CONSOLIDATION

The Consolidated Financial Statements comprise Chr. Hansen Holding A/S (the Parent Company) and enterprises in which the Parent Company directly or indirectly holds more than 50% of the votes or otherwise exercises control.

Gains or losses on the disposal or winding up of group enterprises, joint ventures and associates are stated as the difference between the sales amount and the carrying amount of net assets including goodwill at the date of disposal or winding up, foreign exchange adjustments recognized directly in equity plus costs to sell or winding up expenses.

Gains or losses on disposal or winding up of subsidiaries are recognized in the income statement under Special items, while gains or losses on disposal or winding up of associated companies are recognized under financials.

BUSINESS COMBINATIONS

Entities acquired or formed during the year are recognized in the Consolidated Financial Statements from the date of acquisition or formation. Entities which are disposed of or wound up are recognized in the Consolidated Income Statement until the date of disposal or winding up. The comparative figures are not restated for entities acquired, disposed of or wound up. Discontinued operations are presented separately.

TRANSLATION OF TRANSACTIONS AND AMOUNTS

Transactions in foreign currencies are initially translated into the functional currency at the exchange rates as of the dates of transaction. Exchange adjustments arising due to differences between the transaction date rates and the rates as of the dates of payment are recognized in financial income or financial expenses in the Income Statement. Receivables, payables and other monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rates as of the balance sheet date. Exchange adjustments arising due to differences between the rates as of the balance sheet date and the transaction date rates are recognized in financial income or financial expenses in the Income Statement.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The fair values of derivative financial instruments are included in other receivables and other payables respectively, and setoff of positive and negative values is only made when the Group has the right and the intention to settle financial instruments net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Certain derivative financial instruments are designated as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge),
- hedges associated with highly probable forecasted transactions (cash flow hedge), or
- hedges of a net investment in a foreign operation (net investment hedge).

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognized assets and liabilities are recognized in the Income Statement together with changes in the value of the hedged asset or liability with respect to the hedged portion.

The effective part of changes in the fair value of derivative financial instruments used for cash-flow hedge are recognized in other comprehensive income and presented as a separate reserve in equity. The reserve is transferred to the Income Statement on realization of the hedged transactions. If a derivative financial instrument used to hedge expected future transactions expires, is sold or no longer qualifies for hedge accounting, any accumulated fair value reserve remains in equity until the hedged transaction is concluded. If the transaction is no longer expected to be concluded, any fair value reserve accumulated under equity is transferred to the Income Statement.

Changes in the fair value of derivative financial instruments used for net investment hedge which effectively hedge currency fluctuations in these entities are recognized in the Consolidated Financial Statements directly in a separate translation reserve in equity.

For derivative financial instruments other than those designated as hedging instruments, changes in fair value are recognized in the Income Statement as financial income or financial expenses.

GOVERNMENT GRANTS

Government grants comprise grants for investments, research and development projects, etc. Grants are recognized when there is reasonable certainty that they will be received.

Grants for investments and capitalized development projects are set off against the cost of the assets to which the grants relate. Other grants are recognized in development costs in the Income Statement to offset the expenses for which they compensate.

SEGMENT INFORMATION

Segment information is given on the three divisions of the Group: Cultures & Enzymes, Health & Nutrition and Natural Colors. The information is based on the management structure and the internal management reporting directed to the senior management of the Group. The senior management consists of the Executive Board. The identification of the segments on which to report did not include aggregation of operative segments.

The accounting policies regarding recognition and measurement used in the segment information are identical to the ones used in the Financial Statements.

Information regarding the geographical split of revenue is based on the geographic location of the customers.

REVENUE

Revenue is recognized in the Income Statement if delivery and transfer of risk to the purchaser have been made at the balance sheet date, the income can be measured reliably and expenses incurred or expected to be incurred in connection with the transaction can be measured reliably. Revenue is measured at the fair value of the consideration received excluding VAT and less commission and discounts granted in connection with the sales.

Royalty and license fees are recognized when earned according to the terms of the license agreements.

COST OF SALES

Cost of sales comprises the cost of products sold. Cost comprises the purchase price of raw materials, consumables and goods for resale, direct labor costs and a share of indirect production costs, including costs of operation and depreciation of production facilities as well as operation, administration and management of factories.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs comprise salaries, amortization and other costs directly and indirectly attributable to the Group's research and development activities including amortization of, and impairment losses relating to, capitalized development costs.

Development projects that do not meet the criteria for recognition in the Balance Sheet as well as costs of research are recognized as expenses in the Income Statement as incurred.

SHARE-BASED PAYMENTS

Share options issued as part of an incentive scheme are measured at fair value at the date of granting. This value is subsequently recognized in the Income Statement of the Group over the service period of the options.

OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses comprise items secondary to the principal activities of the entities, including rental income and gains and losses on the disposal of intangible assets and property, plant and equipment. Gains and losses on the disposal of intangible assets and property, plant and equipment are determined as the sales price less selling costs and the carrying amount as of the disposal date.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise interest receivable and interest payable calculated under the effective interest method, commission, the interest component of payments under finance leases, surcharges and refunds under the on account tax scheme value adjustments of financial fixed assets, derivative financial instruments and items denominated in a foreign currency.

GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable net assets of the acquired enterprise.

The carrying amount of goodwill is allocated to the Group's cash generating units as of the acquisition date which are the operating segments.

OTHER INTANGIBLE ASSETS

Research costs are recognized in the Income Statement as they are incurred. Development costs are recognized as intangible assets if the costs are expected to generate future economic benefits.

Costs for development and implementation of substantial software and IT systems are capitalized and amortized over their estimated useful life.

Trademarks, patents and customer base acquired are recognized at cost and amortized over their expected useful life.

Other intangible assets are measured at cost less accumulated amortization and impairment losses.

Borrowing costs in respect of construction of assets are capitalized when it takes more than a year to be ready for use.

Amortization is carried out systematically over the expected useful lives of the assets:

- Customer lists: 7 years
- Patents, trademarks and rights: 5 - 20 years
- Software: 5 - 10 years
- Development projects: 5 - 15 years

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment charges. Property, plant and equipment in progress are measured at cost. Cost comprises expenses for materials, other expenses directly related to making the asset ready for use as well as reestablishment expenses provided that a corresponding provision is made at the same time. Borrowing costs in respect of construction of assets are capitalized when it takes more than a year to be ready for use.

For the financial year, the useful lives of the individual groups of assets are estimated as follows:

- Buildings: 25 – 50 years
- Plant and machinery: 5 – 10 years
- Other fixtures and equipment: 5 – 10 years
- Land is not depreciated

The depreciation is based on a straight line pattern.

Profits or losses on the disposal of property, plant and equipment are in most cases recognized in the Income Statement in Other operating income or Other operating expenses.

IMPAIRMENT OF ASSETS

Goodwill is subject to an annual impairment test, for the first time before the end of the acquisition year. Similarly, development projects are tested annually for impairment.

The carrying amount of goodwill is tested for impairment, together with the other noncurrent assets in the cash generating unit to which goodwill is allocated, and is written down to the recoverable amount through the Income Statement if the carrying amount is higher.

Other non-current assets are tested for impairment when there are indications that the carrying amount may not be recoverable.

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new recoverable amount exceeds the carrying amount of the asset after amortization had the asset not been impaired.

INVESTMENTS IN ASSOCIATES

The proportionate share of the results of associates after tax and non-controlling interests is recognized in the Income Statement after elimination of the proportionate share of unrealized intragroup profits/losses.

Investments in associates are recognized according to the equity method and measured at the proportionate share of the entities' net asset values calculated in accordance with the Group's accounting policies minus or plus the proportionate share of unrealized intra-Group profits and losses and plus the carrying amount of goodwill.

Investments in associates with negative net asset values are measured at euro nil. If the Group has a legal or constructive obligation to cover a deficit in the associate, the deficit is recognized under provisions.

INVENTORIES

Inventories are measured at the lowest of cost or net realizable value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising costs incurred to bring the product to the current completion rate and location. Costs include the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials, wages and salaries, maintenance and depreciation of production machinery, buildings and equipment, and production administration and management.

RECEIVABLES

Receivables are initially recognized at fair value adjusted for any transaction costs. Subsequently, receivables are measured at amortized cost less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and unrestricted deposits with banks.

PENSION OBLIGATIONS

Payments to defined contribution plans are recognized in the Income Statement in the period to which they relate, and any amounts due are recognized in other payables in the Balance Sheet.

Under defined benefit plans, the Group is obliged to make a specified payment in connection with retirement. The obligations in that respect are calculated actuarially on the basis of the net present value of the obligations. The net present value comprises the payments to which the employees have earned a right through their employment with the Group and is calculated on the basis of assumptions relating to future developments in relation to factors such as interest rates, inflation, mortality rates and disablement. The actuarially calculated net present value less the fair values of any assets related to each plan is recognized in Employee benefit obligations in the Balance Sheet. If the net amount for a given plan is an asset, the asset is recognized in Plan assets in the Balance Sheet if the Group can make use of the asset, directly or indirectly. The discount rate is based on the market rate on corporate bonds of high standing with a term matching that of the pension obligations.

The difference between the expected development in Plan assets and pension payments and the actual development will result in actuarial gains or losses. Actuarial gains or losses which do not exceed 10% of the net present value of the pension payments or 10% of the fair value of the Plan assets are not recognized in the Income Statement and Balance Sheet (corridor method). If the accumulated actuarial gains or losses exceed these limits, the excess amount is recognized in the Income Statement and the net pension obligation over the expected remaining service period of employees covered by the plan.

PROVISIONS

Provisions are recognized when as a consequence of an event occurring before or on the balance sheet date the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation. The obligation is measured on the basis of Management's best estimate of the discounted amount at which the obligation is expected to be met.

CORPORATION TAX AND DEFERRED TAX

Current tax liabilities and receivables are recognized in the Balance Sheet at the amounts calculated on the taxable income for the year adjusted for tax on taxable incomes for prior years and for taxes paid on account.

Deferred tax is measured using the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Apart from assets acquired as part of business combinations deferred tax is not recognized in respect of temporary differences concerning goodwill, office premises and other items where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income. In cases where the computation of the tax base may be made according to different tax rules, deferred tax is measured on the basis of Management's intended use of the asset and settlement of the liability, respectively.

FINANCIAL LIABILITIES

Financial liabilities, including mortgage loans and loans from credit institutions, are initially measured at fair value less transaction costs incurred. Subsequently, the loans are measured at amortized cost. Amortized cost is calculated as original cost less installments and plus/less the accumulated amortization of the difference between cost and nominal value. Losses and gains on loans are thus allocated over the term so that the effective interest rate is recognized in the Income Statement over the loan period. Financial liabilities are derecognized when settled.

The portion of the debt maturing after one year is recognized as noncurrent debt and other debts are recognized as current debt.

Other debts are measured at amortized cost. However, derivative financial instruments recognized in Other payables are measured at fair value. See Derivative financial instruments above.

LEASES
For accounting purposes lease obligations are divided into finance and operating leases. Leases are classified as finance leases if they transfer substantially to the lessee all the risks and rewards incident to ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognized in the Income Statement on a straight line basis over the lease term.

FINANCIAL RATIOS
The key figures and financial ratios stated in the Consolidated Financial Statements have been calculated as follows:

CASH CONVERSION
EBITDA less capital expenditures and changes in net working capital as a proportion of EBITDA.

NET DEBT TO EBITDA
Net interest-bearing debt against EBITDA.

EBITDA
Operating profit adjusted for depreciation, amortization and impairment.

EBIT
Operating profit.

INVESTED CAPITAL
Intangible assets, property, plant and equipment, trade receivables and inventories less trade payables.

NET WORKING CAPITAL (NWC)
Inventories and trade receivables less trade payables.

ORGANIC GROWTH
Increase in revenue adjusted for sales reductions, acquisitions and divestitures in order to standardize year-on-year comparisons and measured in local currency.

RETURN ON AVERAGE INVESTED CAPITAL EXCLUDING GOODWILL (ROIC)
Operating profit as a percentage of average invested capital.

NET INTEREST-BEARING DEBT
Borrowings from financial institutions exclusive of shareholder loan less cash and cash equivalents.

AVERAGE NUMBER OF OUTSTANDING SHARES
Average number of shares outstanding during the financial year, excluding treasury shares.

PAYOUT RATIO
Total dividends for the year as a percentage of profit for the year distributed to shareholders of Chr. Hansen Holding A/S. In 2010/11 an adjustment of net proceeds from the sale of the Functional Blends activities was made.

EARNINGS PER SHARE (EPS)
Profit for the year distributed to shareholders of Chr. Hansen Holding A/S divided by the average number of shares, excluding treasury shares.

OTHER KEY RATIOS
Other key ratios used are measured as a percentage of revenue.

NOTE 2 - CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing the Group's Consolidated Financial Statements, management makes various accounting estimates and assumptions which form the basis of presentation, recognition and measurement of the Group's assets and liabilities. The most significant accounting estimates and judgments are presented below. The Group's accounting policies are described in detail in Note 1 to the Consolidated Financial Statements.

ESTIMATION UNCERTAINTY

Determining the carrying amount of some assets and liabilities requires judgments, estimates and assumptions concerning future events.

The judgments, estimates and assumptions made are based on historical experience and other factors which management assesses to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgments, estimates and assumptions for the individual items are described below.

The Group is also subject to risks and uncertainties which may lead to actual results differing from these estimates, both positively and negatively.

Assumptions about the future and estimation uncertainty on the Balance Sheet date are described in the Notes where there is a significant risk of changes that could result in material adjustments to the carrying amount of assets or liabilities within the next financial year.

GOODWILL

In the annual impairment test of goodwill, an estimate is made to determine how parts of the enterprise (cash-generating units) related to the goodwill will be able to generate sufficient future positive net cash flows to support the value of goodwill, trademarks with an indefinite useful life and other net assets of the enterprise in question.

The estimate of the future free net cash flows is based on budgets and business plans for the coming five years and on projections for subsequent years. Key parameters are revenue development, profit margins, proposed capital expenditure, as well as growth expectations for the following years. Budgets and business plans for the coming five years are based on specific future business initiatives for which the risks relating to key parameters have been assessed and recognized in estimated future free cash flows. Projections for years following the next five-year period are based on general expectations and risks.

The discount rates used to calculate the recoverable amount are the weighted average cost of capital before tax.

The carrying value of goodwill at 31 August 2012 amounts to EUR 622.4 million compared to EUR 611.3 million at 31 August 2011. The change in the carrying value of goodwill is only related to exchange rate fluctuations.

DEVELOPMENT PROJECTS

Finished development projects are reviewed on an annual basis to determine whether there is any indication of impairment.

If this is indicated, an impairment test is carried out for the individual development projects. For development projects in progress, however, an annual impairment test is always performed. The impairment test is performed on the basis of various factors, including future use of the project, the fair value of the estimated future earnings or savings as well as interest rate and risks.

For development projects in progress management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Group in order to qualify for recognition.

The carrying value of development projects in progress and finished development projects at 31 August 2012 are EUR 50.9 million compared to EUR 39.0 million at 31 August 2011.

INVENTORIES

Work in progress and finished goods are stated at the lowest of cost price under the FIFO method and net realizable value. The cost price includes direct production costs and indirect production costs. Direct productions costs comprise of materials, consumables and labor whereas indirect production costs (IPC) consist of maintenance, depreciations etc.

The calculations of the IPC are reviewed regularly in order to ensure that relevant assumptions such as prices, production yield and measures of utilization are incorporated correctly. Changes in the parameters, assumed production yield and utilization levels etc. could have a significant impact on the cost price and, in turn, on the valuation of inventories and production costs.

The carrying value of other direct and indirect production costs included in the value of the inventories at 31 August 2012 amounts to EUR 33.2 million compared to EUR 28.7 million at 31 August 2011.

TAX ASSETS AND LIABILITIES

Tax and transfer pricing disputes do arise from time to time as cross border transactions receive increasing attention from local tax authorities. The Group recognizes tax assets and liabilities in order to always fulfill tax requirements in all the countries where business is conducted. A management assessment of tax assets and liabilities is made at least annually and is based on dialogue with local tax authorities, tax advisors, business plans and knowledge of the business.

The value of recognized deferred tax assets and tax receivables at 31 August 2012 amounts to EUR 12.5 million compared to EUR 10.0 million at 31 August 2011. The value of recognized deferred tax liabilities and other tax liabilities at 31 August 2012 amounts to EUR 119.2 million compared to EUR 120.0 million at 31 August 2011.

ASSESSMENT IN APPLIED ACCOUNTING POLICIES

In applying the Group's accounting policies, management makes judgments which may significantly influence the amounts recognized in the Consolidated Financial Statements.

SEGMENT INFORMATION

When presenting segment information from the Income Statement and Balance Sheet disclosed amounts are split according to internal management information. Some costs, assets and liabilities are not directly attributable to the segments and have to be distributed according to allocation keys. These allocation keys are updated at least annually based on planned activity in each reportable segment and are subject to Management's judgment.

EUR million **2011/12**

Note 3 - Segment information

The reportable segments are based on the segmentation in the internal financial reporting received by senior management. The reportable segments are divisions offering the customers different products and services.

Cultures & Enzymes Division produces and sells innovative cultures, enzymes and probiotic products that help determine the taste, flavor, color, texture, safety, preservation, nutritional value and health benefits of a variety of consumer products in the food and dairy industry.

Health & Nutrition Division produces and sells products for the dietary supplement, over-the-counter pharmaceutical, infant formula and animal feed industries.

Natural Colors Division provides natural color solutions to the food and beverage industries. After the divestment of the Functional Blends activities in 2010/11 the name of the division has changed from Colors & Blends Division to Natural Colors Division.

Income and expenses for 2010/11 in the tables below were adjusted for the divested functional blends activities.

	Cultures & Enzymes	Health & Nutrition	Natural Colors	Not allocated	Group
Income statement					
External revenue	419.8	107.3	171.6		698.7
EUR growth	11%	18%	3%		10%
Organic growth	10%	13%	2%		8%
EBITDA	155.2	48.1	32.2		235.5
EBITDA margin (%)	37.0%	44.8%	18.8%		33.7%
Depreciation, amortization and impairment losses	(35.4)	(10.5)	(4.6)		(50.5)
EBIT	119.8	37.6	27.6		185.0
EBIT margin (%)	28.5%	35.0%	16.0%		26.5%

Assets	Cultures & Enzymes	Health & Nutrition	Natural Colors	Not allocated	Group
Goodwill	545.3	77.1	-		622.4
Other intangible assets	131.9	45.9	15.0		192.8
Intangible assets	**677.2**	**123.0**	**15.0**		**815.2**
Tangible assets	190.0	36.2	34.1		260.3
Total non-current assets excluding deferred tax	**867.2**	**159.2**	**49.1**		**1,075.5**
Inventories	42.2	11.4	29.6		83.2
Trade receivables	52.4	16.8	17.5		86.7
Trade payables	(39.0)	(9.1)	(23.0)		(71.1)
Net working capital	**55.6**	**19.1**	**24.1**		**98.8**
Not allocated assets				97.5	97.5
Group assets					**1,342.9**
Invested capital exclusive goodwill	**377.5**	**101.2**	**73.2**		**551.9**
ROIC, excluding goodwill, %	31.8%	39.1%	40.5%		34.1%
Investment in non-current assets excluding deferred tax	34.6	17.3	11.7		63.6

EUR million **2010/11**

Note 3 - Segment information

	Cultures & Enzymes	Health & Nutrition	Natural Colors	Not allocated	Group
Income statement					
External revenue	378.8	90.9	165.9		635.6
EUR growth	6%	15%	42%		15%
Organic growth	6%	16%	40%		14%
EBITDA	143.3	36.8	21.6		201.7
EBITDA margin (%)	37.8%	40.5%	13.0%		31.7%
Depreciation, amortization and impairment losses	(32.0)	(6.4)	(4.1)		(42.5)
EBIT	111.3	30.4	17.5		159.2
EBIT margin (%)	29.4%	33.4%	10.5%		25.0%

Assets	Cultures & Enzymes	Health & Nutrition	Natural Colors	Not allocated	Group
Goodwill	535.1	76.2	-		611.3
Other intangible assets	131.5	46.4	14.7		192.6
Intangible assets	**666.6**	**122.6**	**14.7**		**803.9**
Tangible assets	186.6	30.1	27.4		244.1
Total non-current assets excluding deferred tax	**853.2**	**152.7**	**42.1**		**1,048.0**
Inventories	39.0	9.4	29.7		78.1
Trade receivables	48.5	12.6	24.5		85.6
Trade payables	(30.4)	(7.2)	(28.6)		(66.2)
Net working capital	**57.1**	**14.8**	**25.6**		**97.5**
Not allocated assets				141.0	141.0
Group assets					**1,352.7**
Invested capital exclusive goodwill	**375.2**	**91.3**	**67.7**		**534.2**
ROIC, excluding goodwill %	29.7%	33.6%	27.6%		30.0%
Investment in non-current assets excluding deferred tax	29.7	10.3	5.4		45.4

EUR million	2011/12		2010/11	
Note 3 - Segment information - continued				
Geographical allocation				
Revenue				
Denmark	9.8	1%	9.1	1%
Rest of Europe	315.0	45%	314.2	50%
North America	165.1	24%	133.6	21%
South America	89.2	13%	75.4	12%
Asia Pacific, Middle East and Africa	119.6	17%	103.3	16%
Revenue, total	**698.7**	**100%**	**635.6**	**100%**
Non-current assets, exclusive deferred tax				
Denmark	629.5	58%	619.5	59%
Rest of Europe	258.6	24%	260.4	25%
North America	129.9	12%	114.9	11%
South America	40.3	4%	37.0	3%
Asia Pacific, Middle East and Africa	17.2	2%	16.2	2%
Non-current assets, exclusive deferred tax total	**1,075.5**	**100%**	**1,048.0**	**100%**

EUR million	2011/12	2010/11
Note 4 - Depreciation, amortization and impairment losses		
Depreciation		
Property, plant and equipment		
Cost of sales	(22.8)	(21.6)
Research and development expenses	(2.0)	(1.8)
Sales and marketing expenses	(0.6)	(0.4)
Administrative expenses	(2.9)	(2.5)
Total continuing operations	**(28.3)**	**(26.3)**
Discontinued operations	-	(0.1)
Total	**(28.3)**	**(26.4)**
Amortization		
Intangible assets		
Cost of sales	(2.8)	(2.4)
Research and development expenses	(7.9)	(2.5)
Sales and marketing expenses	(10.0)	(10.1)
Administrative expenses	(1.5)	(1.2)
Total continuing operations	**(22.2)**	**(16.2)**
Discontinued operations	-	(0.3)
Total	**(22.2)**	**(16.5)**
Total depreciation, amortization and impairment losses	**(50.5)**	**(42.9)**

EUR million	**2011/12**	2010/11
Note 5 - Staff expenses		
Wages and salaries, etc	(142.8)	(132.1)
Pension expenses - defined contribution plans	(11.0)	(9.0)
Pension expenses - defined benefit plans (note 21)	(0.2)	(0.4)
Social security etc	(16.5)	(14.5)
Total	**(170.5)**	**(156.0)**
Average number of employees	**2,425**	**2,411**

The figures above for 2010/11 include staff expenses and employees regarding the divested functional blends activities.

Remuneration of Board of Directors and the Executive Board

Total fee to key management personnel which comprise Board of Directors and Executive Board amounted to EUR 6.9 million in 2011/12. In 2010/11 total fee to key management personnel amounted to EUR 6.3 million.

Board of Directors

In 2011/12 the total fees to the Board of Directors were EUR 0.6 million and in 2010/11 the total fees were EUR 0.6 million.

EUR million **2011/12**

Note 5 - Staff expenses - continued

The Executive Board	**Salary**	**Bonus ***	**Pension**	**Other**	**Share based payments ****	**Total**
Lars Frederiksen	0.54	0.21	0.02	0.03	0.70	1.50
Klaus Pedersen ***	0.38	-	0.05	0.02	0.10	0.55
Knud Vindfeldt	0.38	0.12	0.02	-	0.50	1.02
Henrik Dalbøge	0.31	0.09	0.06	0.02	0.30	0.78
Carsten Bennike ****	0.31	0.06	0.02	-	0.10	0.49
Carsten Hellmann	0.39	0.18	0.02	0.02	0.50	1.11
Jesper Allentoft *****	0.26	0.10	0.02	-	0.20	0.58
Henning Jakobsen ******	0.03	0.19	0.01	0.01	-	0.24
Total	**2.60**	**0.95**	**0.22**	**0.10**	**2.40**	**6.27**

EUR million 2010/11

The Executive Board	**Salary**	**Bonus ***	**Pension**	**Other**	**Share based payments ****	**Total**
Lars Frederiksen	0.55	0.33	0.08	0.03	0.60	1.59
Henning Jakobsen ******	0.37	0.20	0.07	0.01	-	0.65
Knud Vindfeldt	0.39	0.19	0.05	-	0.50	1.13
Henrik Dalbøge	0.30	0.09	0.06	0.02	0.30	0.77
Carsten Bennike ****	0.16	-	0.03	-	-	0.19
Carsten Hellmann	0.41	0.20	0.06	0.02	0.50	1.19
Jesper Allentoft *****	0.11	-	0.02	-	0.10	0.23
Total	**2.29**	**1.01**	**0.37**	**0.08**	**2.00**	**5.75**

* The amounts express the actual bonus payments during the year.

** The amounts express the Black-Scholes value of the options charged to the income statement during the financial year.

*** Member of the Executive Board since 1 October 2011.

**** Member of the Executive Board since 15 March 2011.

***** Member of the Executive Board since 6 April 2011.

****** On 30 September 2011 member of the Executive Board, Chief Financial Officer Henning Jakobsen left Chr. Hansen Holding A/S.

Members of the Executive Board receive a fixed salary, pension and bonus based on group and individual KPIs, which in size is subject to certain financial and non-financial targets being met. In the event that a member is dismissed the ordinary salary is paid in a 1.5-year notice period. In the event of change of control the members of the Executive Board do not receive any additional compensation.

Note 5 - Staff expenses - continued

Fees to Board of Directors	Joined the board	Left the board	**2011/12**	2010/11
Ole Andersen (chairman)	February 2010		0.16	0.16
Fréderic Stévenin (vice chairman)	August 2005		0.09	0.09
Alice Dautry	March 2010	November 2011	0.02	0.07
Didier Fernand Debrosse	November 2011		0.03	-
Gaëlle d'Engremont	August 2009		0.05	0.05
Svend Laulund	January 2006		0.04	0.04
Jørgen O. Nielsen	July 2010		0.04	0.04
Henrik Poulsen	March 2010		0.06	0.06
Martin G. Seidel	January 2006		0.04	0.04
Mark A. Wilson	October 2010		0.06	0.03
Lionel Zinsou	January 2009	October 2010	-	0.01
Total			**0.59**	**0.59**

Shares

The Executive Board and Board of Directors' shares in Chr. Hansen Holding A/S:

Number of shares	**Beginning of the year**	**Bought during the year**	**Sold during the year**	**End of the year**
Ole Andersen (chairman)	**33,333**	-	-	**33,333**
Frédéric Stévenin (vice chairman)	**11,111**	-	-	**11,111**
Didier Fernand Debrosse	**-**	940	-	**940**
Gaëlle d'Engremont	**4,444**	-	(2,000)	**2,444**
Svend Laulund	**1,666**	-	-	**1,666**
Jørgen O. Nielsen	**1,000**	268	(268)	**1,000**
Henrik Poulsen	**4,444**	-	-	**4,444**
Martin G. Seidel	**555**	-	-	**555**
Mark A. Wilson	**3,000**	-	-	**3,000**
Total	**59,553**	**1,208**	**(2,268)**	**58,493**
Lars Frederiksen	**231,047**	43,973	(125,000)	**150,020**
Klaus Pedersen	**7,500**	3,000	-	**10,500**
Knud Vindfeldt	**-**	49,396	(26,993)	**22,403**
Henrik Dalbøge	**6,360**	25,043	(9,500)	**21,903**
Carsten Bennike	**3,000**	3,200	-	**6,200**
Carsten Hellmann	**-**	49,632	(23,400)	**26,232**
Jesper Allentoft	**6,868**	1,000	-	**7,868**
Total	**254,775**	**175,244**	**(184,893)**	**245,126**

Each director elected by the General Meeting must not later than 12 months after the appointment to the Board of the Directors purchase shares in the Company corresponding to an amount of at least one year's basis fee. The director must maintain a shareholding corresponding to at least one year's base fee for as long as the director is a member of the Company's Board of Directors.

The Executive Board has undertaken to maintain ownership of shares in Chr. Hansen, either directly or indirectly as specified in note 26, with a minimum value corresponding to a range of approximately 6 to 24 months of the Executive's gross base salary.

EUR million	**2011/12**	2010/11
Note 6 - Fees to auditors		
PricewaterhouseCoopers		
Statutory audit	(0.7)	(0.7)
Audit related services	(0.3)	(0.3)
Tax advisory services	(0.4)	(0.3)
Other services	(0.1)	-
Total	**(1.5)**	**(1.3)**

EUR million	**2011/12**	2010/11
Note 7 - Financial income		
Interest income	0.8	1.0
Foreign exchange gain	30.4	23.8
Foreign exchange gain on derivatives	1.2	2.1
Foreign exchange gain on derivatives transferred from other comprehensive income	-	10.7
Total	**32.4**	**37.6**

EUR million	**2011/12**	2010/11
Note 8 - Financial expenses		
Interest expenses	(13.2)	(14.8)
Borrowing costs related to construction of assets	1.6	-
Foreign exchange loss	(27.5)	(25.7)
Foreign exchange loss on derivatives	(4.0)	(0.9)
Foreign exchange loss on derivatives transferred from other comprehensive income	-	(5.4)
Other financial expenses including amortized costs	(2.0)	(1.7)
Total	**(45.1)**	**(48.5)**

Effective interest expenses amount to EUR 11.6 million (EUR 14.8 million for the financial year 2010/11).

The capitalization rate used to determine the amount og borrowing costs eligible for capitalization is 2.3%.

EUR million	**2011/12**	2010/11
Note 9 - Corporation tax		
Current tax on operating profit	(40.2)	(42.0)
Change in deferred tax concerning operating profit	(1.5)	7.1
Tax on profit for the year	**(41.7)**	**(34.9)**
Adjustments concerning previous years	0.7	0.8
Corporation tax	**(41.0)**	**(34.1)**

EUR million	**2011/12**		2010/11	
Reconciliation of tax rate				
Danish tax rate*	25%	(43.0)	25%	(38.6)
Deviation in the tax of non-Danish group entities compared with Danish tax rate	1%	(1.5)	1%	(1.0)
Non-taxable income and non-deductible expenses	(2%)	3.2	(2%)	3.2
Adjustments concerning previous years	0%	0.7	(1%)	0.8
Other taxes	0%	(0.4)	0%	(0.1)
Effective tax rate*	**24%**	**(41.0)**	**23%**	**(35.7)**
Included in result from discontinued operations		-		1.6
Tax on profit for the year		**(41.0)**		**(34.1)**

*) Calculated on the basis of profit before tax with addition of profit from discontinued operations before tax.

EUR million	**2011/12**	2010/11

Note 10 - Results from discontinued operations

On 26 May 2011, Chr. Hansen entered into an agreement to sell the majority of its Functional Blends activities at a total consideration of EUR 25 million less post closing adjustments of EUR 2 million. The transaction was completed in the fourth quarter of 2010/11. It was subsequently decided that the remaining Functional Blends activities would be discontinued. The discontinued operation was part of the Colors & Blends Division which changed name to Natural Colors Division.

Net profit from discontinued operations:		
Revenue	-	22.4
Cost of sales	-	(18.7)
Gross profit	**-**	**3.7**
Research and development costs	-	(0.1)
Sales and marketing expenses	-	(1.5)
Administrative expenses	-	(0.6)
Other operating income	-	0.1
Other operating expenses	-	-
Operating profit	**-**	**1.6**
Tax on the result for the year	-	(1.0)
Net profit from discontinued operations	**-**	**0.6**
Gain from divestment of business after transaction costs:		
Property, plant and equipment	-	(10.0)
Patents, trademarks and rights	-	(0.5)
Inventories	-	(4.0)
Liabilities	-	1.8
Net assets	**-**	**(12.7)**
Sales price	-	23.0
Direct transaction costs	-	(3.6)
Gain from divestment of business after transaction costs	**-**	**6.7**
Discontinued operations are recognized in the income statement as follows:		
Net profit from discontinued operations	-	0.6
Gain from divestment of business after transaction costs	-	6.7
Other costs related to the divestments	-	(2.3)
Tax on profit on sale after costs related to divestment	-	(0.6)
	-	**4.4**
Cash flow from discontinued operations		
Cash flow from operating activities	(1.0)	4.0
Cash flow from investing activities	-	19.4
Cash flow from discontinued operations	**(1.0)**	**23.4**

EUR million	2011/12	2010/11
Note 11 - Earnings per share		
Profit from continuing operations	131.3	114.2
Non controlling interests	(2.0)	(1.9)
Profit from continuing operations distributed to shareholders of Chr. Hansen Holding A/S	**129.3**	**112.3**
Result from discontinued operations	-	4.4
Profit for the year distributed to shareholders of Chr. Hansen Holding A/S	**129.3**	**116.7**
Average number of shares	138,034,220	138,034,220
Average number of treasury shares	(3,355,218)	(2,894,034)
Average number of shares exclusive treasury shares	**134,679,002**	**135,140,186**
Average dilution effect of share options	1,888,110	340,531
Average number of shares, diluted	**136,567,112**	**135,480,717**
Earnings from continuing operations per share (EUR)	0.96	0.83
Earnings from discontinuing operations per share (EUR)	-	0.03
Earnings per share (EUR)	**0.96**	**0.86**
Earnings from continuing operations per share, diluted (EUR)	0.95	0.83
Earnings from discontinuing operations per share, diluted (EUR)	-	0.03
Earnings per share, diluted (EUR)	**0.95**	**0.86**

EUR million	2012	2011
Note 12 - Goodwill		
Cost at 1 September	611.3	625.6
Currency translation	11.1	(14.3)
Cost at 31 August	**622.4**	**611.3**

The carrying amount of goodwill has been allocated to the cash generating units identified according to the operating segments as follows:

Cultures & Enzymes Division	545.3	535.1
Health & Nutrition Division	77.1	76.2

At 31 August 2012 Management performed an impairment test of the carrying amount of goodwill. No basis was found for impairment.

In the impairment tests the carrying value of the assets is compared to the discounted value of future cash flows. The future cash flows are based on budgets and Management's estimates of the expected development in the next five years. Revenue, EBIT, working capital, discount rate and growth assumptions constitute the most material parameters of the calculation.

At 31 August 2012 an average growth rate of 8% in a five year period in revenue, and an expected overall improvement of the EBIT margin in the five year period of approximately 1% percentage point have been applied. The working capital is assumed to constitute 15-17% of revenue. A discount rate pre tax of 9% has been applied in the impairment test.

At 31 August 2011 an average growth rate of 8% in a five year period in revenue, and an expected overall improvement of the EBIT margin in the five year period of approximately 2% percentage point have been applied. The working capital is assumed to constitute 15-17% of revenue. A discount rate pre tax of 9% has been applied in the impairment test.

EUR million **2012**

Note 13 - Other intangible assets

	Trademarks	Patents	Development projects	Software	Development projects in progress	Other intangible assets in progress	Total
Cost at 1 September	158.1	35.6	16.9	19.3	26.7	15.8	272.4
Currency translation	-	(0.2)	-	0.3	-	-	0.1
Additions for the year	-	-	2.3	0.5	17.0	3.3	23.1
Disposals for the year	-	(0.2)	(0.3)	(0.2)	-	-	(0.7)
Transferred	-	-	5.6	0.7	(5.1)	(1.9)	(0.7)
Cost at 31 August	**158.1**	**35.2**	**24.5**	**20.6**	**38.6**	**17.2**	**294.2**
Amortization at 1 September	(49.6)	(15.7)	(4.6)	(9.9)	-	-	(79.8)
Currency translation	0.1	0.1	-	(0.2)	-	-	-
Amortization for the year	(8.8)	(3.0)	(3.1)	(2.5)	-	-	(17.4)
Disposals for the year	-	0.2	0.3	0.1	-	-	0.6
Impairment	-	-	-	-	(4.8)	-	(4.8)
Amortization at 31 August	**(58.3)**	**(18.4)**	**(7.4)**	**(12.5)**	**(4.8)**	**-**	**(101.4)**
Carrying amount at 31 August	**99.8**	**16.8**	**17.1**	**8.1**	**33.8**	**17.2**	**192.8**
Salary expenses included in assets above					8.9	1.2	
Interest included in assets above					0.7	0.4	

2011

	Trademarks	Patents	Development projects	Software	Development projects in progress	Other intangible assets in progress	Total
Cost at 1 September	158.9	35.4	10.3	15.1	21.3	13.8	254.8
Currency translation	(0.1)	-	-	(0.3)	-	-	(0.4)
Additions for the year	-	-	0.8	1.6	15.5	5.4	23.3
Disposals for the year	-	-	(0.8)	(0.1)	-	-	(0.9)
Disposals for the year - discontinued operations	(0.7)	-	-	-	-	-	(0.7)
Transferred	-	0.2	6.6	3.0	(10.1)	(3.4)	(3.7)
Cost at 31 August	**158.1**	**35.6**	**16.9**	**19.3**	**26.7**	**15.8**	**272.4**
Amortization at 1 September	(40.8)	(12.6)	(2.9)	(8.3)	-	-	(64.6)
Currency translation	-	-	-	0.2	-	-	0.2
Amortization for the year	(9.0)	(3.1)	(2.5)	(1.9)	-	-	(16.5)
Disposals for the year	-	-	0.8	0.1	-	-	0.9
Disposals for the year - discontinued operations	0.2	-	-	-	-	-	0.2
Amortization at 31 August	**(49.6)**	**(15.7)**	**(4.6)**	**(9.9)**	**-**	**-**	**(79.8)**
Carrying amount at 31 August	**108.5**	**19.9**	**12.3**	**9.4**	**26.7**	**15.8**	**192.6**
Salary expenses included in assets above					8.3	2.5	

Trademarks

Of the trademarks the carrying amount of the Chr. Hansen trademark alone at 31 August 2012 is EUR 30.8 million and the remaining amortization period is 13 years.

Note 13 - Other intangible assets - continued

Patents and development projects

Completed development projects and development projects in progress comprise development and testing of new strains for cultures and natural colors as well as production techniques. The value of the development projects recognized have been compared to expected sales or cost savings. In cases where indicators of impairment have been identified the relevant assets have been impaired. The impairment tests have been prepared similar to the goodwill impairment test described in note 12 with the value in use of the assets used.

A clinical study relating to immune health was finalized in September 2012. Preliminary analyses indicated beneficial effects, however, the study did not reconfirm the positive results seen in an earlier study. Chr. Hansen therefore assessed that data currently available were insufficient for approval of an EU health claim resulting in a EUR 3.8 million impairment of capitalized development costs. This impairment is split equally between the Cultures & Enzymes Division and the Health & Nutrition Division.

In addition minor impairments have been performed including some concerning acquired technology that has shown difficult fully to exploit in Chr. Hansen. Impairment of these assets amounts to EUR 1.0 million primarily belonging to the Health & Nutrition Division.

Software

Software comprises expenses for acquiring software licences and expenses related to group-internal development of software. The value of the recognized software has been compared to the expected value in use. No indicators of impairment have been identified.

EUR million **2012**

Note 14 - Property, plant and equipment

	Land and buildings	**Plant and machinery**	**Other fixtures and equipment**	**Property, plant and equipment in progress**	**Total**
Cost at 1 September	150.1	171.9	17.1	17.6	356.7
Currency translation	3.8	3.3	1.0	0.2	8.3
Additions for the year	1.9	3.3	1.5	33.8	40.5
Disposals for the year	(0.7)	(2.0)	(1.0)	(0.2)	(3.9)
Transferred	3.3	5.7	1.2	(9.5)	0.7
Cost at 31 August	**158.4**	**182.2**	**19.8**	**41.9**	**402.3**
Depreciation at 1 September	(28.0)	(76.4)	(8.2)	-	(112.6)
Currency translation	(1.4)	(1.8)	(0.8)	-	(4.0)
Depreciation for the year	(5.9)	(19.9)	(2.5)	-	(28.3)
Depreciation, disposed assets	0.2	1.7	1.0	-	2.9
Depreciation and impairment at 31 August	**(35.1)**	**(96.4)**	**(10.5)**	**-**	**(142.0)**
Carrying amount at 31 August	**123.3**	**85.8**	**9.3**	**41.9**	**260.3**
Salary expenses included in assets above				3.0	
Interest included in assets above				0.5	

Land and buildings include buildings on land leased from Scion DTU A/S at Hoersholm. The term of the lease of the land is unlimited.	21.6
Value of mortgaged land and buildings, cf also note 30 concerning other guarantees and commitments.	71.2

EUR million 2011

Note 14 - Property, plant and equipment - continued

	Land and buildings	Plant and machinery	Other fixtures and equipment	Property, plant and equipment in progress	Total
Cost at 1 September	160.8	164.4	15.5	15.0	355.7
Currency translation	(4.2)	(3.5)	(1.2)	(0.1)	(9.0)
Additions for the year	1.6	2.9	2.6	15.2	22.3
Disposals for the year	(0.1)	(2.9)	(1.2)	(0.1)	(4.3)
Disposals for the year - discontinued operations	(9.6)	(1.9)	(0.2)	-	(11.7)
Transferred	1.6	12.9	1.6	(12.4)	3.7
Cost at 31 August	**150.1**	**171.9**	**17.1**	**17.6**	**356.7**
Depreciation at 1 September	(24.5)	(64.1)	(8.6)	-	(97.2)
Currency translation	1.6	2.5	1.2	-	5.3
Depreciation for the year	(5.6)	(18.7)	(2.1)	-	(26.4)
Depreciation, disposed assets	0.1	2.8	1.2	-	4.1
Depreciation, disposed assets discontinued operations	0.4	1.1	0.1	-	1.6
Depreciation and impairment at 31 August	**(28.0)**	**(76.4)**	**(8.2)**	**-**	**(112.6)**
Carrying amount at 31 August	**122.1**	**95.5**	**8.9**	**17.6**	**244.1**
Salary expenses included in assets above				1.6	

Land and buildings include buildings on land leased from Scion DTU A/S at Hoersholm. The term of the lease of the land is unlimited.	22.8
Value of mortgaged land and buildings, cf also note 30 concerning other guarantees and commitments.	70.0

EUR million	2012	2011
Note 15 - Inventories		
Direct materials	50.0	49.4
Other direct and indirect production costs	33.2	28.7
Total	**83.2**	**78.1**
Inventory write-downs at year-end	**3.3**	**2.9**

EUR million	2012	2011
Note 16 - Trade receivables		
Aging of receivables:		
Not due	83.7	82.7
Overdue 0 to 30 days	2.7	2.4
Overdue 31 to 60 days	0.3	1.3
Overdue 61 to 120 days	0.4	-
Overdue more than 120 days	0.6	0.3
Total trade receivables, gross	**87.7**	**86.7**
Provisions for bad debt	(1.0)	(1.1)
Total trade receivables, net	**86.7**	**85.6**
Provision for bad debts:		
Provision 1 September	1.1	1.1
Additions for the year	0.4	0.1
Reversal for the year	(0.2)	(0.1)
Losses realised in the year	(0.3)	-
Provision 31 August	**1.0**	**1.1**

EUR million	2012	2011
Note 17 - Other receivables		
VAT and other duties	1.8	1.8
Other receivables	16.0	5.8
Total	**17.8**	**7.6**

EUR million	2012	2011
Note 18 - Prepayments		
Insurance	0.7	0.6
Other prepayments	6.0	4.7
Total	**6.7**	**5.3**

EUR million	2012	2011
Note 19 - Cash and cash equivalents		
Cash at bank and on hand	58.4	88.2
Short term bank deposits	2.1	29.9
Total	**60.5**	**118.1**

EUR million	2012	2011

Note 20 - Share capital

The Company's share capital amounts to nom DKK 1,380,342,200 (equal to EUR 185.3 million) distributed on shares of DKK 10.

The share capital has been fully paid up.

The Company has during 2011/12 initiated a share buy-back program under which it has acquired 2,348,789 treasury shares, corresponding to 2% of the total share capital, for an amount of EUR 52.0 million. At 31 August 2012 the company holds 5,282,763 treasury shares (2,894,034 treasury shares at 31 August 2011). 2,933,971 shares of the treasury shares are held to cover the share option program. Further information about the share buy-back program and the group's policy for managing its capital can be found under "Shareholder information".

Number of shares outstanding:		
Outstanding 1 September	135,140,186	135,140,186
Purchase during the year	(2,418,789)	-
Sale during the year	30,060	-
Outstanding 31 August	**132,751,457**	**135,140,186**

Chr. Hansen Holding A/S' dividend policy is a pay-out ratio between 30%-50% of net profit. The proposal of dividends depends on the Board's assessment of factors such as business development, growth strategy and financing needs and there can be no assurance that in any given year a dividend will be proposed or declared. In addition, the Board of Directors will, on an ongoing basis, determine whether any surplus capital may be distributed as an extraordinary dividend or through share buy-back programs in order to optimize the capital structure.

EUR million	**2012**	2011
Note 21 - Employee benefit obligations		
Pension obligations	4.8	4.9
Other employee benefit obligations	0.3	0.3
Total	**5.1**	**5.2**

Other employee benefit obligations consist of obligations regarding payments made in connection with employee service tenure, long service benefits and other social benefits.

The Group has entered into pension agreements with a significant share of the Group's employees. The majority of the plans are defined contribution plans and only a small part constitutes defined benefit plans.

Defined contribution plans

The Group finances the plans through regular premium payments to independent insurance companies that are responsible for the pension obligations. When the pension contributions of the defined contribution plans have been paid, the Group has no further pension obligations towards current employees or resigned employees.

Defined benefit plans

For certain groups of employees, the Group has entered into agreements on the payment of certain benefits, including pension. These obligations are not or only partly covered by insurance. Uncovered plans have been recognized in the balance sheet and income statement as shown below.

Balance sheet		
Net present value of funded obligations	5.6	4.7
Net present value of non-funded obligations	3.7	2.9
Pension obligation at 31 August	**9.3**	**7.6**
Fair value of plan assets	(4.1)	(3.4)
Actuarial gains/losses not recognized (reversal)	(0.4)	0.7
Obligation recognized in the balance sheet	**4.8**	**4.9**

Income statement		
Current service expenses	0.2	0.2
Settlement	-	(0.1)
Curtailment	-	(0.1)
Interest expenses	0.4	0.4
Expected return on assets	(0.2)	(0.2)
Past service costs	-	0.1
Actuarial gains/losses	(0.2)	0.1
Total amount recognized in staff expenses (note 5)	**0.2**	**0.4**
Actual return on assets amounted to	**0.4**	**0.3**

EUR million	**2012**	2011
Note 21 - Employee benefit obligations - continued		
Movement in the pension obligation recognized		
Obligation at 1 September	7.6	9.7
Currency translation	0.4	(0.3)
Current service expenses	0.2	0.2
Settlement	-	(0.1)
Curtailment	-	(0.1)
Interest expenses	0.4	0.4
Past service costs	-	0.1
Actuarial gains/losses	1.2	(1.3)
Payments made	(0.5)	(1.0)
Pension obligation at 31 August	**9.3**	**7.6**
Movement in the fair value of plan assets		
Fair value of plan assets at 1 September	3.4	3.9
Currency translation	0.3	(0.2)
Expected return on plan assets	0.2	0.2
Actuarial gain/losses	0.2	0.1
Employer contribution	0.3	0.2
Benefits paid	(0.3)	(0.8)
Fair value of plan assets at 31 august	**4.1**	**3.4**

Expected contribution to the pensions in 2012/13 is EUR 1.0 million (actual payment in 2011/12 was EUR 0.3 million).

Applied actuarial assumptions (%)		
Discount rate	3.00 - 4.20	4.00 - 5.30
Expected return on assets	4.00 - 4.80	4.00 - 5.30
Future increase in salaries	2.50 - 4.00	2.50 - 5.00
Future pension increases	1.75 - 3.00	1.75 - 3.00
Distribution of plan assets to cover obligation (%)		
Shares	38%	40%
Bonds	50%	52%
Properties	8%	6%
Cash and cash equivalents	4%	2%
	100%	**100%**

EUR million

Note 21 - Employee benefit obligations - continued

Five-year overview	**2012**	2011	2010	2009	2008
Pension obligation	9.3	7.6	9.7	7.8	7.9
Plan assets	(4.1)	(3.4)	(3.9)	(3.3)	(3.6)
Uncovered obligations	**5.2**	**4.2**	**5.8**	**4.5**	**4.3**
Experience adjustments to obligations	0.5	(0.3)	0.8	0.2	-
Experience adjustments to plan assets	0.2	0.1	0.2	(0.2)	-

EUR million	**2012**	2011
Note 22 - Deferred tax		
Deferred tax at 1 September	61.5	69.1
Currency translation	0.2	(0.3)
Change in deferred tax - recognized in the income statement	1.5	(7.1)
Change in deferred tax - recognized in other comprehensive income	(1.4)	(0.2)
Deferred tax at 31 August	**61.8**	**61.5**
Deferred tax assets	(7.4)	(7.7)
Deferred tax liabilities	69.2	69.2
Deferred tax at 31 August	**61.8**	**61.5**
Specification of deferred tax		
Intangible assets	47.0	38.9
Property, plant and equipment	12.7	15.3
Inventories	3.8	2.2
Loss carry-forward	(3.5)	(6.4)
Liabilities	1.8	11.5
Total deferred tax at 31 August	**61.8**	**61.5**
Amounts due after 12 months, estimated	**61.8**	**61.5**
Tax loss carry-forward		
Total tax losses carry-forward	11.5	23.2
Tax losses expected to be utilized	11.5	23.2
Deferred tax assets from tax losses recognized in the balance sheet	**3.5**	**6.4**

The Group has no tax assets that are not recognized in the Balance Sheet. However, this excludes the potential tax asset related to the remaining carry forward of exchange rate net losses deduction in Denmark of approximately EUR 4.5 million. It is considered unlikely that the Danish companies will utilize the remaining exchange rate net losses deduction carried forward.

EUR million	2012	2011
Note 23 - Provisions		
Provisions 1 September	2.2	3.6
Additions for the year	2.0	2.0
Reversed in the year	(0.1)	-
Used in the year	(1.7)	(3.4)
Provisions 31 August	**2.4**	**2.2**
Current	1.0	1.0
Non-current	1.4	1.2
Total	**2.4**	**2.2**

The provisions primarily relate to lawsuits brought against the Group from customers and former employees.

EUR million

Note 24 - Financial assets and liabilities

				2012
Assets	**Maturity < 1 year**	**Maturity >1 year< 5 years**	**Maturity > 5 years**	**Total**
Trade receivables (note 16)	86.7	-	-	86.7
Other receivables (note 17)	17.8	-	-	17.8
Cash and cash equivalents (note 19)	60.5	-	-	60.5
Total	**165.0**	**-**	**-**	**165.0**

				2011
	Maturity < 1 year	**Maturity >1 year< 5 years**	**Maturity > 5 years**	**Total**
Trade receivables (note 16)	85.6	-	-	85.6
Other receivables (note 17)	7.6	-	-	7.6
Cash and cash equivalents (note 19)	118.1	-	-	118.1
Total	**211.3**	**-**	**-**	**211.3**

EUR million **2012**

Note 24 - Financial assets and liabilities - continued

Liabilities	**Maturity < 1 year**	**Maturity >1 year< 5 years**	**Maturity > 5 years**	**Total**
Long terms borrowing *	-	376.7	31.5	408.2
Short terms borrowing *	51.0	-	-	51.0
Trade payables	71.1	-	-	71.1
Other liabilities (note 25)	50.8	-	-	50.8
	172.9	**376.7**	**31.5**	**581.1**
Derivative financial instruments (note 25)	7.4	-	-	7.4
Total	**180.3**	**376.7**	**31.5**	**588.5**

*Including future interest payments

				2011
	Maturity < 1 year	**Maturity >1 year< 5 years**	**Maturity > 5 years**	**Total**
Long terms borrowing *	-	429.4	41.1	470.5
Short terms borrowing *	44.8	-	-	44.8
Trade payables	66.2	-	-	66.2
Other liabilities (note 25)	44.4	-	-	44.4
	155.4	**429.4**	**41.1**	**625.9**
Derivative financial instruments (note 25)	2.1	-	-	2.1
Total	**157.5**	**429.4**	**41.1**	**628.0**

*Including future interest payments

EUR million	**2012**	2011
Long term borrowings:		
Senior bank borrowings	323.2	365.8
Mortgages	63.6	72.6
Total before amortization of financing expenses	**386.8**	**438.4**
Capitalized financing expenses	(2.5)	(3.5)
Total long term borrowings	**384.3**	**434.9**
Short term borrowings:		
Senior bank borrowings	30.0	20.0
Mortgages	9.0	8.7
Bank borrowings	1.1	2.0
Total	**40.1**	**30.7**

The borrowings are nominated in EUR, USD and DKK. The borrowings that are subject to a currency risk at group level are hedged with FX forward contracts.

The terms for the bank debt are related to a few covenants focusing on the Group's ability to generate sufficient cash flow. The financing of each group entity is monitored and managed at Group level. The estimates for the Income Statement, Balance Sheet and Cash Flow show that the covenants will be respected with comfortable headroom.

EUR million **2012**

Note 24 - Financial assets and liabilities - continued

	Effective interest rate	Maturity	Carrying amount	Interest rate risk
Mortgages				
Floating rate*	0.85%	5-15 years	49.4	Cash flow
Fixed rate*	3.26%	2-12 years	23.2	Fair value
Total mortgages			**72.6**	

* The interest rate is excluding margin

Bank borrowings				
Floating rate	-	0-3 years	114.8	Cash flow
Fixed rate **	-	0-3 years	239.5	Fair value
Total bank borrowings			**354.3**	

** Interest rate swaps have been used to fix the interest rate. The EUR part has an average interest rate of 1.59% and the USD part has an average interest rate of 1.77%.

Currency of the principal	Interest bearing debt translated to EUR	Floating rate	Fixed rate
EUR	262.2	31%	69%
USD	92.0	35%	65%
DKK	72.6	68%	32%
Other	0.1	100.0%	0%
Total	**426.9**	**38%**	**62%**

2011

	Effective interest rate	Maturity	Carrying amount	Interest rate risk
Mortgages				
Floating rate*	1.52%	6-16 years	54.8	Cash flow
Fixed rate*	3.26%	3-13 years	26.5	Fair value
Total mortgages			**81.3**	

* The interest rate is excluding margin

Bank borrowings				
Floating rate	-	0-4 years	135.9	Cash flow
Fixed rate **	-	0-4 years	251.9	Fair value
Total bank borrowings			**387.8**	

** Interest rate swaps have been used to fix the interest rate. The EUR part has an average interest rate of 1.59% and the USD part has an average interest rate of 1.77%.

Currency of the principal	Interest bearing debt translated to EUR	Floating rate	Fixed rate
EUR	282.3	29%	71%
USD	104.5	50%	50%
DKK	81.3	67%	33%
Other	1.0	100.0%	0%
Total	**469.1**	**41%**	**59%**

Note 24 - Financial assets and liabilities - continued

FINANCIAL RISKS

Being an international company, Chr. Hansen is exposed to currency and interest rate fluctuations.

Chr. Hansen's corporate treasury department monitors and manages risks related to currency exposure and interest rate levels in accordance with our corporate Treasury Procedure approved by the Board of Directors. The procedure reflects how Chr. Hansen manages financial risks and contains rules relating not only to how financial instruments are used to hedge risks, but also to define an acceptable level of risk exposure and use of counter parties.

Funding & Liquidity

Funding and adequate liquidity are fundamental factors in driving an expanding business and management of both are an integrated part of Chr. Hansen's continuous budget and forecasting process. To ensure focus on managing the risks related to funding and liquidity, Chr. Hansen's corporate treasury department is managing and monitoring funding and liquidity for the entire group.

Foreign Exchange

To reduce exposure on exchange rate changes, Chr. Hansen is primarily trading in EUR or USD. However, trading in other currencies also takes place. Our currency exposure is mainly managed by performing both income and expenses in the same currency. Where this is insufficient to manage the risk, Chr. Hansen's corporate Treasury Department performs hedging in accordance with the Treasury Procedure. Please refer to note 29 for further information.

Interest rate

Interest rate risk mainly relates to interest on debt. Debt is financed at market rate plus a margin. The risk is limited by entering into interest hedging agreements in accordance with Chr. Hansen's Treasury Procedure.

Credit

Credit risks mainly relate to trade receivables and other receivables. The risk is limited due to Chr. Hansen's diverse customer base representing several industries and businesses on international markets where we are cooperating with many large and medium sized partners. When dealing with smaller businesses, we are mainly selling through distributors, thus reducing the credit risk regarding these customers.

Counter party risk

Counter party risk for cash, deposits and financial instruments are handled by only working with financial institutions which have a satisfactory long-term credit rating. The current level of Chr. Hansen's core financial counterparties' long-term credit rating is in the AA or the A category. Chr. Hansen's Treasury Procedure also defines a credit limit for each counter party.

EUR million	**2012**	2011
Note 25 - Other payables		
Wages, salaries and holiday pay, etc	28.2	23.2
VAT and other duties	5.2	5.0
Other	17.4	16.2
Derivative financial instruments	7.4	2.1
Total	**58.2**	**46.5**

Note 26 - Share-based payments

Share option programs

Program 1: Retention program

Each share option may, subject to the member of the Executive Board still being employed with Chr. Hansen, be exercised to purchase one existing share in Chr. Hansen Holding A/S from Financière Star 1 at an exercise price of DKK 1 in the period 31 May 2012 - 31 December 2012.

The weighted average share price during the period of exercise of the program was EUR 21.16.

In the financial year 2011/12 EUR 0.5 million was expensed relating to this program (2010/11: EUR 0.7 million).

Program 2: Allocated as a long-term share option program

Granted to Executive Board and certain managerial employees. Vesting is subject to fulfillment of certain key performance indicators related to the development in the share price and EBITDA. The share options will vest at the date of the Annual General Meeting at which the Annual Report for the financial year ending 31 August 2013 is approved.

Following vesting, each share option may be exercised up until 31 August 2016 to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 99.

In the financial year 2011/12 EUR 0.9 million was expensed relating to this program (2010/11: EUR 0.9 million).

Program 3: Allocated as a short-term RSU program

Executive Board and certain managerial employees have had the opportunity to earn a number of share options based on individual key performance indicators. Each share option may, subject to the person still being employed with Chr. Hansen, be exercised to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 1 in November 2011, in November 2012 and in November 2013. The number of options allocated was finally determined in November 2010.

The weighted average share price during the period of exercise of the program was EUR 15.62.

In the financial year 2011/12 EUR 0.2 million was expensed relating to this program (2010/11: EUR 0.4 million).

Program 4: Allocated as a long-term share option program

Granted to Executive Board and certain managerial employees. Vesting is subject to fulfillment of certain key performance indicators related to development in EBIT and earnings per share. The stock options will vest at the date of the Annual General Meeting at which the Annual Report for the financial year ending 31 August 2013 is approved.

Following vesting, each share option may be exercised up until 31 August 2016 to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 123.11.

In the financial year 2011/12 EUR 0.4 million was expensed relating to this program (2010/11: EUR 0.3 million).

Program 5: Allocated as a short-term RSU program

Executive Board and certain managerial employees have had the opportunity to earn a number of share options based on individual key performance indicators. Each share option may, subject to the person still being employed with Chr. Hansen, be exercised to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 1 in November 2012, in November 2013 and in November 2014. The number of options allocated was finally determined in November 2011.

In the financial year 2011/12 EUR 0.5 million was expensed relating to this program (2010/11: EUR 0.5 million).

Program 6: Allocated as a long-term share option program

Granted to Executive Board and certain managerial employees. Vesting is subject to fulfillment of certain key performance indicators related to the development in EBIT and earnings per share. The share options will vest at the date of the Annual General Meeting at which the Annual Report for the financial year ending 31 August 2014 is approved.

Following vesting, each share option may be exercised up until 31 August 2017 to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 129.80.

Total fair value of the program is EUR 2.4 million.

In the financial year 2011/12 EUR 0.4 million was expensed relating to this program.

Program 7: Allocated as a short-term RSU program

Executive Board and certain managerial employees have had the opportunity to earn a number of share options based on individual key performance indicators. Each share option may, subject to the person still being employed with Chr. Hansen, be exercised to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 1 in November 2013, in November 2014 and in November 2015. The number of options allocated and their value will be finally determined in November 2012.

Total fair value of the program is estimated to be EUR 2.4 million.

In the financial year 2011/12 EUR 0.8 million was expensed relating to this program.

Note 26 - Share-based payments - continued

Assumptions	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6	Program 7
Allocated	2009/10	2009/10	2009/10	2010/11	2010/11	2011/12	2011/12
Average value of option	EUR 12.6	EUR 2.1	EUR 12.4	EUR 3.2	EUR 15.9	EUR 3.4	EUR 22.4
Risk-free interest rate	0.62%	1.15%	0.52%-1.11%	1.74%	2.42%	0.99%	0.99%
Volatility	30.00%	30.00%	30.00%	30.00%	30.00%	31.10%	31.10%
Dividend	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Period	2 years	3-5 years	2-5 years	3-5 years	2-5 years	3-5 years	2-5 years

	Executive Board	**Managerial employees**	**Former employees**	**Total**
Program 1:				
Outstanding 1 September 2010	**138,240**	**-**	**17,971**	**156,211**
Forfeited	(26,769)	-	-	(26,769)
Outstanding 31 August 2011	**111,471**	**-**	**17,971**	**129,442**
Exercised	(111,471)	-	(17,971)	(129,442)
Outstanding 31 August 2012	**-**	**-**		
Program 2:				
Outstanding 1 September 2010	**1,552,885**	**207,052**	**-**	**1,759,937**
Transferred	103,526	(103,526)	-	-
Forfeited	(310,577)	-	-	(310,577)
Outstanding 31 August 2011	**1,345,834**	**103,526**	**-**	**1,449,360**
	-	-	-	-
Outstanding 31 August 2012	**1,345,834**	**103,526**	**-**	**1,449,360**
Program 3:				
Outstanding 1 September 2010	**23,231**	**68,819**	**-**	**92,050**
Adjustment to allocation	14,367	(8,244)	-	6,123
Transferred	3,000	(4,592)	1,592	-
Forfeited	(7,379)	(613)	-	(7,992)
Outstanding 31 August 2011	**33,219**	**55,370**	**1,592**	**90,181**
Exercised	(11,073)	(18,456)	(531)	(30,060)
Transferred	-	(781)	781	-
Forfeited	-	(3,102)	-	(3,102)
Outstanding 31 August 2012	**22,146**	**33,031**	**1,842**	**57,019**
Program 4:				
Outstanding 1 September 2010	**-**	**-**	**-**	**-**
Allocated	586,647	69,018	-	655,665
Transferred	34,509	(34,509)	-	-
Forfeited	(103,526)	-	-	(103,526)
Outstanding 31 August 2011	**517,630**	**34,509**	**-**	**552,139**
Outstanding 31 August 2012	**517,630**	**34,509**	**-**	**552,139**

Note 26 - Share-based payments - continued

	Executive Board	Managerial employees	Former employees	Total
Program 5:				
Outstanding 1 September 2010	**-**	**-**	**-**	**-**
Allocated	25,710	58,835	-	84,545
Outstanding 31 August 2011	**25,710**	**58,835**	**-**	**84,545**
Adjustment to allocation	(1,719)	9,874	-	8,155
Transferred		(1,901)	1,901	-
Forfeited	-	(3,302)	-	(3,302)
Outstanding 31 August 2012	**23,991**	**63,506**	**1,901**	**89,398**
Program 6:				
Outstanding 1 September 2011	**-**	**-**	**-**	**-**
Allocated	655,663	34,509	-	690,172
Outstanding 31 August 2012	**655,663**	**34,509**	**-**	**690,172**
Program 7:				
Outstanding 1 September 2011	**-**	**-**	**-**	**-**
Allocated	23,202	81,978	-	105,180
Outstanding 31 August 2012	**25,302**	**81,978**	**-**	**105,180**

Note 27 - Adjustments to cash flow

EUR million	**2011/12**	2010/11
Depreciation, amortization and impairment losses	50.5	42.5
Gains and losses from disposal of assets	0.5	(0.1)
Share-based payment	3.8	2.8
Change in provisions	0.2	0.7
Total	**55.0**	**45.9**

Note 28 - Change in working capital

EUR million	**2011/12**	2010/11
Inventories	(2.4)	(11.4)
Trade receivables	(2.5)	(5.3)
Trade payables	6.7	5.1
Other receivables and other payables	(8.5)	(7.8)
Total	**(6.7)**	**(19.4)**

EUR million

Note 29 - Derivative financial instruments

The Group is exposed to market risk, primarily risks relating to currency and interest, and utilizes financial instruments for hedging of recognized and future transactions. The Group only enters into hedging agreements which can be directed to the underlying business.

Interest rate risk

Interest rate swaps are used for cash flow hedge, where the underlying floating interest rates are hedged. At 31 August 2012 the outstanding interest swaps had the following market value:

Market value of open interest rate swaps				**2012**
	Contract amount	**Gain/loss at 31 August**	**Included in income statement**	**Included in fair value reserve**
EUR 180m interest rate swaps, expiration 15 April 2015	180.0	(5.3)	-	(5.3)
USD 75m interest rate swaps, expiration 15 April 2015	59.5	(2.1)	-	(2.1)
Total	**239.5**	**(7.4)**	**-**	**(7.4)**

				2011
	Contract amount	**Gain/loss at 31 August**	**Included in income statement**	**Included in fair value reserve**
EUR 200m interest rate swaps, expiration 15 April 2015	200.0	(0.2)	-	(0.2)
USD 75m interest rate swaps, expiration 15 April 2015	51.9	(1.9)	-	(1.9)
Total	**251.9**	**(2.1)**	**-**	**(2.1)**

The fair value is calculated based on a valuation model, primarily based on observable market data. There is no currency risk related to the swaps for the group.

The interests on our financing facilities are based on floating interest plus a margin. At 31 August 2012, 62% of the outstanding debts were hedged through interest rate swaps or loans with fixed interest rate (59% at 31 August 2011). The total debt had an average maturity of 2.9 years at 31 August 2012 (4.2 years at 31 August 2011). An interest increase of 1 percentage point on the average interest rate on the Group's interestbearing debt excluding swaps will influence the Group's earnings before tax by EUR (4.0) million during the next 12 month period (EUR (4.4) million for the financial year 2010/11). The effect on the income statement on the swaps entered will be EUR 2.4 million based on the interest change of 1 percentage point (EUR 1.5 million for the financial year 2010/11), and will effect the equity positive with EUR 5.3 million (EUR 6.9 million for the financial year 2010/11).

EUR million

Note 29 - Derivative financial instruments - continued

Currency hedging of balance sheet position and future cash flows

Net outstanding forward exchange contracts at 31 August **2012**

	Nominal principal	Gain/loss in income statement	Included in fair value reserve	Fair value of principal	Maximum maturity (months)
USD	33.3	0.5	-	32.8	1 + 3
GBP	1.0	-	-	1.0	1
SGD	1.6	-	-	1.6	1
AUD	2.5	-	-	2.4	1
DKK	(38.4)	-	-	(38.3)	1
Total		**0.5**	**-**	**(0.5)**	

2011

	Nominal principal	Gain/loss in income statement	Included in fair value reserve	Fair value of principal	Maximum maturity (months)
USD	5.9	-	-	5.9	1
GBP	2.3	-	-	2.3	1
AUD	0.7	-	-	0.7	1
DKK	(8.9)	-	-	(8.9)	1
Total		**-**	**-**	**-**	

All contracts are used for fair value hedge.

The overall purpose of managing currency risk is to minimize the effect of short-term currency movements on earnings and cash flow. The Group's main currencies are EUR and USD and USD related currencies. Exposure is limited by assets and debt and expenses to a certain degree matching with the geographic segmentation of the sale. Investments in subsidiaries are not hedged.

Foreign exchange sensitivity analysis

Effect on the income statement	2011/12	2010/11
Increase of 5%	2.2	2.6
Decrease of 5%	(2.2)	(2.6)

Financial instruments are defined as cash, trade receivable, trade payable, current and non-current loans and foreign exchange forwards.

EUR million	2012	2011
Note 30 - Commitment and contingent liabilities		
Operational leasing commitments		
Due within 1 year	2.8	3.3
Due between 1-5 years	3.7	4.1
Due after 5 years	-	0.6
Total	**6.5**	**8.0**

Leasing commitments relate primarily to car and equipment rental.

Expensed payments relating to operational leasing	**4.4**	**3.7**

Individual assets directly pledged		
Land and buildings	71.2	70.0
Plant and machinery	41.7	48.8
Booked value of pledged individual assets	**112.9**	**118.8**

The recognized liabilities are based on minimum leasing repayments.

Pending court and arbitration cases

Certain claims have been made against the Chr. Hansen Group. Management is of the opinion that the result of these disputes will not have a significant effect on the Group's financial position.

Chr. Hansen were at 31 August 2012 defendant in 20 diacetyl-related lawsuits based on alleged personal injuries as a result of exposure to diacetyl vapors. Management does not believe that diacetyl lawsuits will have a material adverse effect on our financial position or results of operation.

Change of control

The loan facilities are subject to change of control clauses. Regarding change of control clauses in management contracts, please see note 5.

EUR million

Note 31 - Related parties

Related parties to the Group are identified as parties with control or significant influence, including group companies.
Parties with significant influence are Novo A/S, Tuborg Havnevej 19, Hellerup, Denmark, its subsidiaries and its Board of Directors and Execute Management..

Other related parties include the Group's Executive Board and Board of Directors together with their immediate families.

Transactions with related parties in 2011/12

	Purchase of goods, materials, and services	Financial liabilities
Novo A/S Group	2.0	0.2
Total	**2.0**	**0.2**

Fees and other considerations to Executive Board and Board of Directors are specified in note 5.
Share-based payments are specified in note 26.

Note 32 - Government grants

During 2011/12 the Group received EUR 0.5 million in public grants for research and development purposes (2010/11: EUR 0.4 million) which was recognized in the income statement as a reduction of research and development costs. The Group has furthermore received EUR 0.2 million in public grants for investments (2010/11: EUR 0.0 million) which are set off against the cost of the assets to which the grants relate.

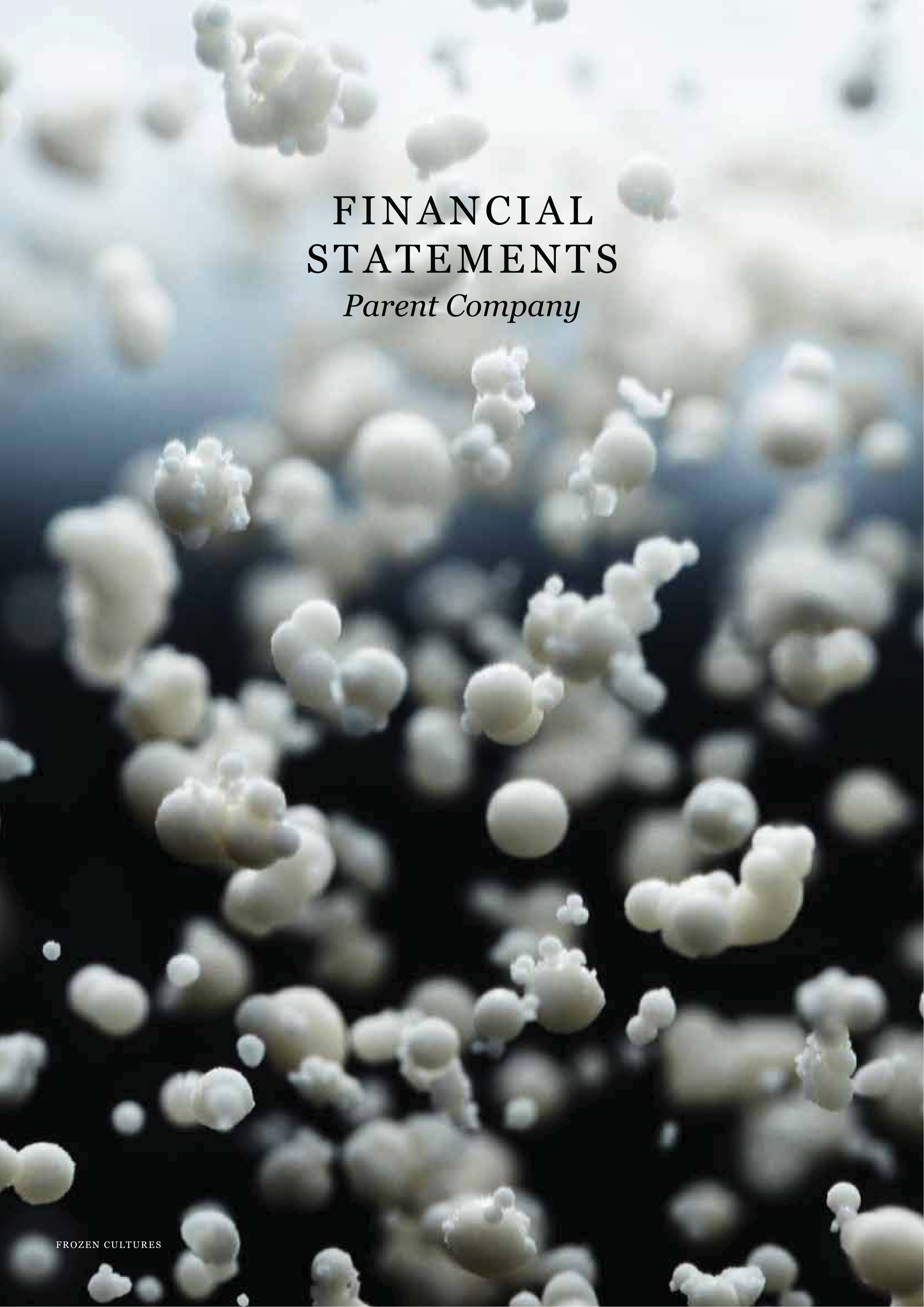
Note 33 - Events after the balance sheet date

No events have occured after the balance sheet date of importance to the Annual Report.

Note 34 - Group Chart at 31 August 2012

Entity	**Country**	**Currency**	**Nominal Capital (000)**	**Chr. Hansen share in %**	Production	Sale	Other
Chr. Hansen Argentina S.A.I.C.	Argentina	ARS	648	100	x	x	
Paprika S.A.	Argentina	ARS	1,300	70			x
Batch S.A. *	Argentina	ARS	1	99			x
Chr. Hansen Pty Ltd	Australia	AUD	1,004	100	x	x	
Hale-Bopp Australia Pty Ltd	Australia	AUD	30,686	100			x
Chr. Hansen Ind. e Com. Ltda.	Brazil	BRL	17,499	100	x	x	
Chr. Hansen Limited	Canada	CAD	24	100		x	
Urex Biotech ULC	Canada	CAD	-	100			x
Urex Biotech Inc.	Canada	CAD	-	100			x
Chr. Hansen (Tianjin) Food Ingredients CO. Ltd.	China	CNY	7,995	100	x	x	
Chr. Hansen (Beijing) Trading Co., Ltd.	China	CNY	5,000	100		x	
Chr. Hansen Colombia S.A.	Colombia	COP	3,856,597	99.99		x	
Chr. Hansen Czech Republic s.r.o.	Czech Republic	CZK	470	100	x	x	
Chr. Hansen A/S	Denmark	DKK	194,101	100	x	x	x
Chr. Hansen Properties A/S	Denmark	DKK	500	100			x
Chr. Hansen France SAS	France	EUR	3,200	100	x	x	
Biostar GmbH	Germany	EUR	25	100			x
Chr. Hansen GmbH	Germany	EUR	383	100	x	x	
Halley GmbH	Germany	EUR	25	100			x
Hansen Hellas ABEE	Greece	EUR	1,057	100		x	
Chr. Hansen India Pvt. Ltd	India	INR	24,992	99.6		x	
Chr. Hansen Ireland Limited	Ireland	EUR	1	100		x	
Chr. Hansen Italia S.p.A.	Italy	EUR	500	100	x	x	
Chr. Hansen Japan Co. Ltd.	Japan	JPY	10,000	100		x	
Chr. Hansen Malaysia SDN. BHD.	Malaysia	MYR	1,000	100		x	
Chr. Hansen de Mexico S.A. de C.V.	Mexico	MXN	305	100	x	x	
Chr. Hansen Corporativa S.A. de C.V.	Mexico	MXN	3,050	100			x
Chr. Hansen Centroamérica S.A.	Panama	PAB	-	100		x	
Chr. Hansen S.A.	Peru	PEN	1,842	100	x	x	
Chr. Hansen Poland Sp. z o.o.	Poland	PLN	50	100		x	
Chr. Hansen SRL	Romania	RON	4	100		x	
Chr. Hansen LLC	Russia	RUB	10,972	100		x	
Chr. Hansen Singapore Pte Ltd.	Singapore	SGD	1,000	100			x
Chr. Hansen, S.L.	Spain	EUR	12,003	100		x	
Chr. Hansen AB	Sweden	SEK	181	100		x	
Chr. Hansen Sweden AB	Sweden	SEK	1,000	100			x
Peyma Chr. Hansen's A.S.	Turkey	TRY	988	50	x	x	
Chr. Hansen Ukraine LLC	Ukraine	UAH	32	100		x	
Chr. Hansen Middle East FZCO	United Arab Emirates	AED	500	100		x	
Chr. Hansen Ltd	United Kingdom	GBP	250	99.99		x	
Chr. Hansen Inc.	USA	USD	-	100	x	x	

* Under liquidation



FINANCIAL STATEMENTS

Parent Company

FROZEN CULTURES

Financial Statements of the Parent Company Chr. Hansen Holding A/S

Notes

Income Statement
1 September - 31 August

EUR million	Note	2011/12	2010/11
Revenue		**-**	**-**
Cost of sales		-	-
Gross profit		**-**	**-**
Sales and marketing expenses	4	(3.4)	(3.5)
Administrative expenses	3, 4, 5	(13.9)	(11.7)
Other operating income		20.3	17.7
Other operating expenses		(0.8)	(2.1)
Operating profit before special items		**2.2**	**0.4**
Dividend received from group companies		93.0	85.1
Financial income	6	24.3	29.2
Financial expenses	7	(23.8)	(26.7)
Profit before tax		**95.7**	**88.0**
Corporation tax	8	2.4	7.5
Profit for the year		**98.1**	**95.5**

Statement of comprehensive income

EUR million	Note	2011/12	2010/11
Profit for the year		**98.1**	**95.5**
Currency translation to presentations currency		0.3	(0.1)
Deferred gains/(losses) on cash flow hedges arised during the year		(6.3)	(1.8)
Gains/(losses) on cash flow hedges expired during the year		0.9	0.1
Tax related to cash flow hedge		1.4	0.4
Other comprehensive income for the year		**(3.7)**	**(1.4)**
Total comprehensive income for the year		**94.4**	**94.1**

Balance sheet at 31 August

EUR million

Assets	Note	2012	2011
Non-current assets			
Intangible assets			
Software	9	0.9	1.1
Intangible assets in progress	9	0.1	0.1
Total intangible assets		**1.0**	**1.2**
Fixtures and equipment	10	-	-
Total property, plant and equipment		**-**	**-**
Fixed asset investments			
Investments in group companies	11	736.4	736.4
Receivables from group companies	12	201.3	200.0
Total fixed asset investments		**937.7**	**936.4**
Other non-current assets			
Deferred tax	14	1.3	-
Total other non-current asset		**1.3**	**-**
Total non-current assets		**940.0**	**937.6**
Current assets			
Receivables			
Receivables from group companies		-	6.8
Tax receivable		26.5	17.7
Other receivables		2.2	-
Prepayments		0.1	0.5
Total receivables		**28.8**	**25.0**
Cash and cash equivalents		**0.2**	**34.3**
Total current assets		**29.0**	**59.3**
Total assets		**969.0**	**996.9**

Balance sheet at 31 August

EUR million

Equity and liabilities	Note	2012	2011
Equity			
Share capital	13	185.3	185.3
Reserves		450.7	471.1
Total equity		**636.0**	**656.4**
Liabilities			
Non-current liabilities			
Deferred tax	14	-	0.1
Borrowings	15	264.2	306.0
Payables to group companies	15	7.5	7.5
Other payables	15	0.8	0.8
Total non-current liabilities		**272.5**	**314.4**
Current liabilities			
Borrowings	15	31.1	20.0
Trade payables		0.5	0.3
Payables to group companies		14.3	0.6
Other payables	16	14.6	5.2
Total current liabilities		**60.5**	**26.1**
Total liabilities		**333.0**	**340.5**
Total equity and liabilities		**969.0**	**996.9**

Statement of changes in equity

2011/12

EUR million	Note	**Share capital**	**Treasury shares**	**Cash flow hedge**	**Retained earnings**	**Total**
Equity 1 September 2011		**185.3**	**(35.0)**	**(1.6)**	**507.7**	**656.4**
Purchase of treasury shares *		-	(53.3)	**-**	**-**	**(53.3)**
Total comprehensive income for the year cf. Statement of comprehensive income		-	-	(4.0)	98.4	94.4
Share-based payment	17	-	-	-	3.4	3.4
Dividend regarding 2010/11		-	-	-	(64.9)	(64.9)
Equity 31 August 2012		**185.3**	**(88.3)**	**(5.6)**	**544.6**	**636.0**

* EUR 52.0 million is from the share buy-back program.

For the financial year 2011/12, a dividend of EUR 0.39 (DKK 2.90) per share corresponding to EUR 51.7 million is proposed.

2010/11

EUR million	Note	**Share capital**	**Treasury shares**	**Cash flow hedge**	**Retained earnings**	**Total**
Equity 1 September 2010		**185.4**	**(35.0)**	**(0.3)**	**421.6**	**571.7**
Total comprehensive income for the year cf. Statement of comprehensive income		(0.1)	-	(1.3)	95.5	94.1
Share-based payment	17	-	-	-	2.2	2.2
Dividend regarding 2009/10		-	-	-	(11.6)	(11.6)
Equity 31 August 2011		**185.3**	**(35.0)**	**(1.6)**	**507.7**	**656.4**

Cash flow statement
1 September - 31 August

EUR million	Note	2011/12	2010/11
Operating profit		**2.2**	**0.4**
Adjustments	18	3.6	2.4
Change in working capital	19	8.7	(5.4)
Interest payments received		10.3	12.7
Interest payments made		(9.5)	(11.4)
Dividend received		92.0	74.8
Taxes paid		(6.3)	(5.0)
Cash flows from operating activities		**101.0**	**68.5**
Proceeds from sale of investments to group companies		-	20.2
Investments in intangible assets		-	(0.1)
Capital increase in group companies		-	(24.5)
Cash flows from investing activities		**-**	**(4.4)**
Free cash flows		**101.0**	**64.1**
Dividend to the shareholders of Chr. Hansen Holding A/S		(64.9)	(11.6)
Treasury shares		(50.9)	-
Repayment to / from group companies		28.3	26.0
Repayment of long-term loans		(47.6)	(45.5)
Cash flows from financing activities		**(135.1)**	**(31.1)**
Net cash flows for the year		**(34.1)**	**33.0**
Cash and cash equivalents at 1 September		34.3	1.3
Net cash flow for the year		(34.1)	33.0
Cash and cash equivalents at 31 August		**0.2**	**34.3**

Notes

NOTE 1 - ACCOUNTING POLICIES

The Financial Statement of Chr. Hansen Holding A/S as Parent Company has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements applying to enterprises of reporting class D.

The accounting policies for the Company are the same as for the Chr. Hansen Group, cf. note 1 to the Consolidated Financial Statements, with the exception of the items below.

OTHER INCOME AND EXPENSES

Other income and expenses comprise items of a secondary nature to the activities of the Company, including income from management and service agreements.

DIVIDENDS ON INVESTMENTS IN SUBSIDIARIES

Dividends on investments in subsidiaries are recognized as income in the Income Statement of the Parent Company in the financial year in which the dividend is declared. If the carrying amount of the investment exceeds the carrying amount in the financial statements of the net assets in the subsidiary or the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared, the carrying value of the subsidiary is tested for impairment.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are measured at cost. If the cost exceeds the recoverable amount it is written down.

NOTE 2 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the Financial Statements for Chr. Hansen Holding A/S, management makes various accounting estimates and assumptions which form the basis of recognition and measurement of the Parent Company's assets and liabilities. The most significant accounting estimates and judgements for the Parent Company are presented below.

The most significant accounting estimates and judgements for the Chr. Hansen Group are presented in note 2 to the Consolidated Financial Statements.

The Parent Company's accounting policies are described in detail in note 1.

ESTIMATION UNCERTAINTY

Determining the carrying amount of some assets and liabilities requires judgements, estimates and assumptions concerning future events.

The judgements, estimates and assumptions made are based on historical experience and other factors which management assesses to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise.

Assumptions about the future and estimation uncertainty on the Balance Sheet date are described in the notes where there is a significant risk of changes that could result in material adjustments to the carrying amount of assets or liabilities within the next financial year.

INVESTMENTS IN SUBSIDIARIES

Management performs an annual test for indications of impairment of investments in subsidiaries, joint ventures and associates. Impairment tests are conducted in the same way as for goodwill in the Chr. Hansen Group, see note 1 to the Consolidated Financial Statements.

It is management's assessment that no indications of impairment existed at year-end 2011/12, and impairment tests have therefore not been made of subsidiaries.

ASSESSMENT IN APPLIED ACCOUNTING POLICIES

In applying the Group's accounting policies management makes judgements which may significantly influence the amounts recognized in the Financial Statements.

EUR million	**2011/12**	2010/11
Note 3 - Depreciation, amortization and impairment losses		
Intangible assets		
Administrative expenses	(0.2)	(0.2)
Total amortization	**(0.2)**	**(0.2)**
Total depreciation, amortization and impairment losses	**(0.2)**	**(0.2)**

EUR million	**2011/12**	2010/11
Note 4 - Staff expenses		
Wages and salaries, etc	(5.0)	(4.4)
Pension - defined contribution plans	(0.3)	(0.2)
Social security etc	(0.1)	(0.1)
Salaries and remuneration, etc to the Executive Board and Board of Directors of Chr. Hansen Holding A/S	(6.9)	(6.4)
Total	**(12.3)**	**(11.1)**
Average number of employees	**44**	**44**
Remuneration to the Executive Board and Board of Directors appears as follows:		
The Executive Board		
- salaries etc	(3.7)	(3.4)
- pension	(0.2)	(0.4)
- share-based payment	(2.4)	(2.0)
Board of Directors		
- Fee	(0.6)	(0.6)

EUR million	**2011/12**	2010/11
Note 5 - Fees to auditors		
Statutory audit	(0.1)	(0.1)
Audit related services	-	(0.3)
Tax advisory services	(0.2)	(0.3)
Total	**(0.3)**	**(0.7)**

EUR million	**2011/12**	2010/11
Note 6 - Financial income		
Interest from group companies	10.3	12.4
Other interest income	0.1	0.3
Exchange gains	13.9	16.5
Total	**24.3**	**29.2**

EUR million	**2011/12**	2010/11
Note 7 - Financial expenses		
Interest paid to group companies	(0.4)	(0.8)
Loss from derivative financial instruments	(0.9)	-
Interest expenses on loans and swaps	(9.1)	(9.2)
Exchange loss	(12.5)	(15.3)
Other financial expenses, including amortized costs	(0.9)	(1.4)
Total	**(23.8)**	**(26.7)**

EUR million	**2011/12**	2010/11
Note 8 - Corporation tax		
Current tax	2.4	1.5
Change in deferred tax	-	(0.1)
Tax on profit for the year	**2.4**	**1.4**
Adjustments concerning previous years	-	6.1
Total	**2.4**	**7.5**

	2011/12		2010/11	
Reconciliation of tax rate				
Danish tax rate	25%	(23.8)	25%	(22.0)
Non-taxable income and non-deductible expenses	(28%)	26.2	(27%)	23.6
Adjustments concerning previous years	-	-	(7%)	6.1
Other taxes	-	-	-	(0.2)
Corporation tax	**(3%)**	**2.4**	**(9%)**	**7.5**

EUR million **2012**

Note 9 - Intangible assets

	Software	Intangible assets in progress	Total
Cost at 1 September	1.9	0.1	2.0
Cost at 31 August	**1.9**	**0.1**	**2.0**
Amortization at 1 September	(0.8)	-	(0.8)
Amortization for the year	(0.2)	-	(0.2)
Amortization at 31 August	**(1.0)**	**-**	**(1.0)**
Carrying amount at 31 August	**0.9**	**0.1**	**1.0**

2011

	Software	Intangible assets in progress	Total
Cost at 1 September	1.9	-	1.9
Additions for the year	-	0.1	0.1
Cost at 31 August	**1.9**	**0.1**	**2.0**
Amortization at 1 September	(0.6)	-	(0.6)
Amortization for the year	(0.2)	-	(0.2)
Amortization at 31 August	**(0.8)**	**-**	**(0.8)**
Carrying amount at 31 August	**1.1**	**0.1**	**1.2**

Software

Software comprises expenses for acquiring software licences and expenses related to group internal development of software.

The value of the recognized software has been compared to the expected value in use. No indicators of impairment have been identified.

EUR million	**2012**	2011
Note 10 - Fixtures and equipment		
Cost at 1 September	0.4	0.4
Disposal for the year	(0.4)	-
Cost at 31 August	-	**0.4**
Depreciation at 1 September	(0.4)	(0.4)
Disposal for the year	0.4	-
Depreciation at 31 August	-	**(0.4)**
Carrying amount at 31 August	-	-

EUR million	**2012**	2011
Note 11 - Investments in group companies		
Cost at 1 September	736.4	722.4
Currency transalation	-	(0.7)
Additions for the year	-	24.5
Disposals for the year	-	(9.8)
Cost at 31 August	**736.4**	**736.4**

See note 34 of the Consolidated Financial Statements of the Group for a list of group companies.

EUR million	**2012**	2011
Note 12 - Long-term receivables from group companies		
Due between 1 and 5 years		
Loans to group companies	201.3	200.0
Total	**201.3**	**200.0**

	2012	2011

Note 13 - Share capital

The Company's share capital amounts to nom DKK 1,380,342,200 (equal to EUR 185.3 million) distributed on shares of DKK 10.

The share capital has been fully paid up.

The Company has during 2011/12 initiated a share buy-back program under which it has acquired 2,348,789 treasury shares, corresponding to 2% of the total share capital, for an amount of EUR 52.0 million. At 31 August 2012 the Company holds 5,282,763 treasury shares (2,894,034 treasury shares at 31 August 2011). 2,933,971 shares of the treasury shares are held to cover the share option program. Further information about the share buy-back program and the Group's policy for managing its capital can be found under "Shareholder information".

Number of shares outstanding:		
Outstanding 1 September	135,140,186	135,140,186
Purchase of treasury shares	(2,418,789)	-
Sales during the year	30,060	-
Outstanding 31 August	**132,751,457**	**135,140,186**

Chr. Hansen Holding A/S' dividend policy is a pay-out ratio between 30%-50% of net profit. The proposal of dividends depends on the Board's assessment of factors such as business development, growth strategy and financing needs and there can be no assurance that in any given year a dividend will be proposed or declared. In addition, the Board of Directors will, on an ongoing basis, determine whether any surplus capital may be distributed as an extraordinary dividend or through share buy-back programs in order to optimize the capital structure.

EUR million	**2012**	2011

Note 14 - Deferred tax

Deferred tax at 1 September	0.1	3.4
Change in deferred tax - recognized in the comprehensive income statement	(1.4)	-
Adjustment to previous year	-	(3.4)
Change in deferred tax - recognized in the income statement	-	0.1
Deferred tax at 31 August	**(1.3)**	**0.1**
Specification of deferred tax		
Intangible assets	0.3	0.3
Property, plant and equipment	(0.3)	(0.3)
Liabilities	(1.3)	0.1
Total deferred tax at 31 August	**(1.3)**	**0.1**

Chr. Hansen Holding A/S has no tax assets that are not recognized in the Balance Sheet. However, this excludes the potential tax asset related to the remaining carry forward of interest deduction in Denmark of approximately EUR 4.5 million. It is considered unlikely that the Danish companies will utilize the remaining interest deduction carried forward.

EUR million	**2012**	2011
Note 15 - Financial liabilities		
Due within 1 year		
Bank and financial loans	31.1	20.0
	31.1	**20.0**
Due between 1-5 years		
Bank and financial loans	264.2	306.0
Payable to group companies	7.5	7.5
Other payable	0.8	0.8
	272.5	**314.3**
Total	**303.6**	**334.3**

Amortization of financing costs has been deducted from bank and financial loans.

EUR million	**2012**	2011
Note 16 - Other payables		
Wages, salaries and holiday pay, etc	3.6	2.6
VAT and other duties	0.5	0.3
Derivative financial instruments	7.4	2.0
Other	3.1	0.3
Total	**14.6**	**5.2**

Note 17 - Share-based payments

Share option programs

Program 1: Retention program

Each share option may, subject to the member of the Executive Board still being employed with Chr. Hansen, be exercised to purchase one existing share in Chr. Hansen Holding A/S from Financière Star 1 at an exercise price of DKK 1 in the period 31 May 2012 - 31 December 2012.

The weighted average share price during the period of exercise of the program was EUR 21.16.

In the financial year 2011/12 EUR 0.5 million was expensed relating to this program (2010/11: EUR 0.7 million).

Program 2: Allocated as a long-term share option program

Granted to Executive Board and certain managerial employees. Vesting is subject to fulfillment of certain key performance indicators related to the development in the share price and EBITDA. The share options will vest at the date of the Annual General Meeting at which the Annual Report for the financial year ending 31 August 2013 is approved.

Following vesting, each share option may be exercised up until 31 August 2016 to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 99.

In the financial year 2011/12 EUR 0.9 million was expensed relating to this program (2010/11: EUR 0.9 million).

Program 3: Allocated as a short-term RSU program

Executive Board and certain managerial employees have had the opportunity to earn a number of share options based on individual key performance indicators. Each share option may, subject to the person still being employed with Chr. Hansen, be exercised to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 1 in November 2011, in November 2012 and in November 2013. The number of options allocated was finally determined in November 2010.

The weighted average share during the period of exercise of the program was EUR 15.62.

In the financial year 2011/12 EUR 0.2 million was expensed relating to this program (2010/11: EUR 0.1 million).

Program 4: Allocated as a long-term share option program

Granted to Executive Board and certain managerial employees. Vesting is subject to fulfillment of certain key performance indicators related to development in EBIT and earnings per share. The share options will vest at the date of the Annual General Meeting at which the Annual Report for the financial year ending 31 August 2013 is approved.

Following vesting, each share option may be exercised up until 31 August 2016 to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 123.11.

In the financial year 2011/12 EUR 0.4 million was expensed relating to this program (2010/11: EUR 0.3 million).

Program 5: Allocated as a short-term RSU program

Executive Board and certain managerial employees have had the opportunity to earn a number of share options based on individual key performance indicators. Each share option may, subject to the person still being employed with Chr. Hansen, be exercised to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 1 in November 2012, in November 2013 and in November 2014. The number of options allocated was finally determined in November 2011.

In the financial year 2011/12 EUR 0.5 million was expensed relating to this program (2010/11: EUR 0.2 million).

Program 6: Allocated as a long-term share option program

Granted to Executive Board and certain managerial employees. Vesting is subject to fulfillment of certain key performance indicators related to development in EBIT and earnings per share. The share options will vest at the date of the Annual General Meeting at which the Annual Report for the financial year ending 31 August 2014 is approved.

Following vesting, each share option may be exercised up until 31 August 2017 to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 129.80.

Total fair value of the program is EUR 2.4 million.

In the financial year 2011/12 EUR 0.4 million was expensed relating to this program.

Program 7: Allocated as a short-term RSU program

Executive Board and certain managerial employees have had the opportunity to earn a number of share options based on individual key performance indicators. Each share option may, subject to the person still being employed with Chr. Hansen, be exercised to purchase one existing share in Chr. Hansen Holding A/S at an exercise price of DKK 1 in November 2013, in November 2014 and in November 2015. The number of options allocated and their value will be finally determined in November 2012.

Total fair value of the program is estimated to be EUR 1.2 million.

In the financial year 2011/12 EUR 0.4 million was expensed relating to this program.

Note 17 - Share-based payments - continued

Assumptions	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6	Program 7
Year	2009/10	2009/10	2009/10	2010/11	2010/11	2011/12	2011/12
Average value of option	EUR 12.6	EUR 2.1	EUR 12.4	EUR 3.2	EUR 15.9	EUR 3.4	EUR 22.4
Risk-free interest rate	0.62%	1.15%	0.52%-1.11%	1.74%	2.42%	0.99%	0.99%
Volatility	30%	30%	30%	30%	30%	31.1%	31.1%
Dividend	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Period	2 years	3-5 years	2-5 years	3-5 years	2-5 years	3-5 years	2-5 years

Note 17 - Share-based payments - continued

Share options (number of options)

	Executive Board	Managerial employees	Former employees	Total
Program 1:				
Outstanding 1 September 2010	**138,240**	**-**	**17,971**	**156,211**
Forfeited	(26,769)	-	-	(26,769)
Outstanding 31 August 2011	**111,471**	**-**	**17,971**	**129,442**
Exercised	(111,471)	-	(17,971)	(129,442)
Outstanding 31 August 2012	**-**	**-**	**-**	**-**
Program 2:				
Outstanding 1 September 2010	**1,552,885**	**207,052**	**-**	**1,759,937**
Transferred	103,526	(103,526)	-	-
Forfeited	(310,577)	-	-	(310,577)
Outstanding 31 August 2011	**1,345,834**	**103,526**	**-**	**1,449,360**
	-	-	-	-
Outstanding 31 August 2012	**1,345,834**	**103,526**	**-**	**1,449,360**
Program 3:				
Outstanding 1 September 2010	**23,231**	**8,347**	**-**	**31,578**
Adjustment to allocation	14,367	1,769	-	16,136
Transferred	3,000	(4,592)	1,592	-
Forfeited	(7,379)	-	-	(7,379)
Outstanding 31 August 2011	**33,219**	**5,524**	**1,592**	**40,335**
Exercised	(11,073)	(1,842)	(531)	(13,446)
Outstanding 31 August 2012	**22,146**	**3,682**	**1,061**	**26,889**
Program 4:				
Outstanding 1 September 2010	**-**	**-**	**-**	**-**
Allocated	586,647	69,018	-	655,665
Transferred	34,509	(34,509)	-	-
Forfeited	(103,526)	-	-	(103,526)
Outstanding 31 August 2011	**517,630**	**34,509**	**-**	**552,139**
Outstanding 31 August 2012	**517,630**	**34,509**	**-**	**552,139**
Program 5:				
Outstanding 1 September 2010	**-**	**-**	**-**	**-**
Allocated	25,710	6,038	-	31,748
Outstanding 31 August 2011	**25,710**	**6,038**	**-**	**31,748**
Adjustment to allocated	(1,719)	3,714		1,995
Transferred	-	(1,036)	1,036	-
Outstanding 31 August 2012	**23,991**	**8,716**	**1,036**	**33,743**
Program 6:				
Outstanding 1 September 2011	**-**	**-**	**-**	**-**
Allocated	655,663	34,509	-	690,172
Outstanding 31 August 2012	**655,663**	**34,509**	**-**	**690,172**
Program 7:				
Outstanding 1 September 2011	**-**	**-**	**-**	**-**
Allocated	23,202	29,802	-	53,004
Outstanding 31 August 2012	**23,202**	**29,802**	**-**	**53,004**

EUR million	2011/12	2010/11
Note 18 - Adjustments to cash flow		
Depreciation, amortization and impairment losses	0.2	0.2
Share-based payment	3.4	2.2
Total	**3.6**	**2.4**

EUR million	2011/12	2010/11
Note 19 - Change in working capital		
Trade payables	0.2	(4.2)
Other receivables and other payables	8.5	(1.2)
Total	**8.7**	**(5.4)**

EUR million

Note 20 - Financial instruments

Chr. Hansen Holding A/S is exposed to market risk, primarily risks relating to currency and interest, and utilizes financial instruments for hedging of recognized and future transactions. Chr. Hansen Holding A/S only enters into hedging agreements which can be directed to the underlying business.

Interest rate risk

Interest rate swaps are used for cash flow hedge, where the underlying floating interest rates are hedged. At 31 August 2012 the outstanding interest swaps had the following market value:

Market value of open interest rate swaps				2012
	Contract amount	Gain/loss at 31 August	Included in income statement	Included in fair value reserve
EUR 180 million interest rate swaps, expiration 15 April 2015	180.0	(5.3)	-	(5.3)
USD 75 million interest rate swaps, expiration 15 April 2015	59.5	(2.1)	-	(2.1)
	239.5	**(7.4)**	**-**	**(7.4)**

				2011
	Contract amount	Gain/loss at 31 August 31	Included in income statement	Included in fair value reserve
EUR 200 million interest rate swaps, expiration 15 April 2015	200.0	(0.2)	-	(0.2)
USD 75 million interest rate swaps, expiration 15 April 2015	51.9	(1.9)	-	(1.9)
	251.9	**(2.1)**	**-**	**(2.1)**

The fair value is calculated based on a valuation model, primarily based on observable market data. There is no currency risk related to the swaps for the group.

The interests on our financing facilities are based on floating interest plus a margin. At 31 August 2012, 81% of the outstanding debts were hedged through interest rate swaps or loans with fixed interest rate (77% at 31 August 2011). The total debt had an average maturity of 2.4 years at 31 August 2012 (3.6 years at 31 August 2011). An interest increase of 1 percentage point on the average interest rate on the company's interest-bearing debt excluding swaps will influence the company's earnings before tax by EUR 3.0 million during the next 12 month period (EUR 3.3 million for the financial year 2010/11). The effect on the swaps entered will be EUR 2.4 million based on the interest change of 1 percentage point (EUR 1.5 million for the financial year 2010/11).

Note 20 - Financial instruments - continued

EUR million	**2012**	2011
Financial assets		
Receivables from group companies	-	6.8
Tax receivable	26.5	17.7
Other receivables and prepayments	2.3	0.5
Cash and cash equivalents	0.2	34.3
Financial assets	**29.0**	**59.3**
Financial liabilities		
Borrowings	295.3	326.0
Trade payables	0.5	0.3
Other financial liabilities	37.2	14.1
Financial liabilities	**333.0**	**340.4**
Classification of financial assets		
Loans and receivables	29.0	59.3
	29.0	**59.3**
Classification of financial liabilities		
Financial liabilities measured at amortized cost	333.0	340.4
	333.0	**340.4**
Maturity analysis for financial liabilities		
Borrowings		
0-1 year	31.1	20.0
1-5 years	264.2	306.0
Trade payables		
0-1 year	0.5	0.3
Other financial liabilities		
0-1 year	28.4	5.8
1-5 years	0.8	0.8
+ 5 years	7.5	7.5
	333.0	**340.4**
Average interest rate	1.9%	2.7%

Borrowings have been reduced by amortization and financing expenses.

Amortization expenses offset under non-current debt	**2.0**	**2.8**

Note 21 - Credit, currency and interest rate risk

Credit risk

Credit risk for cash and cash equivalents and financial instruments are handled by only working with financial institutions which have satisfactory credit rating. In general, we estimate the risk to be limited.

Currency risk

The overall purpose of managing currency risk is to minimize the impact from short-term currency movements on earnings and cash flow. The main exchange rate risk for the company are loans nominated in USD.

It is the policy of the Parent company not to hedge investments in subsidiaries.

Interest risk

The interest on our Multicurrency Loan Facility is based on variable interest plus a margin. Interest rate swaps are utilized to reduce the risk relating to the income statement. At 31 August 2012, 81% of the outstanding debts were hedged through interest rate (77% at 31 August 2011).

Cash flow risk

Chr. Hansen Holding A/S's interest-bearing net debts at 31 August 2012 amount to EUR 297.3 million (EUR 294.5 million at 31 August 2011).

Note 22 - Commitments and contingent liabilities

Operational leasing commitments

Leasing commitments primarily related to car and equipment due within 1 year and between 1-5 years amount to EUR 0.1 million (less than EUR 0.3 million in 2010/11). In the financial year 2011/12 EUR 0.2 million is expensed (EUR 0.1 million in 2010/11).

Other guarantees and liabilities

Chr. Hansen Holding A/S is liable for on account payments received from jointly taxed companies. At 31 August 2012 the jointly taxed companies had an actual tax liability of EUR 30.1 million.

Chr. Hansen Holding A/S is jointly and severally liable for the subsidiaries Chr. Hansen A/S' and Chr. Hansen France SAS' draw of EUR 57.3 million on the Group's credit facility at 31 August 2012 (EUR 57.3 million at 31 August 2011).

Pending court and arbitration cases

Certain claims have been made against Chr. Hansen Holding A/S. Management is of the opinion that the result of these disputes will not have an important impact on the Company's financial position.

Change of control

The loan facilities established in 2009/10 are subject to change of control clauses. Regarding change of control clauses in management contracts, please see note 5 in the Consolidated Financial Statements.

EUR million

Note 23 - Related parties

Related parties are identified as parties with control or significant influence, including Group companies.

Parties with significant influence are Novo A/S, Tuborg Havnevej 19, Hellerup, Denmark, its subsidiaries and the Board of Directors and Executive Board.

Other related parties include the Group's Executive Board and Board og Directors together with their immediate families.

Transactions with related parties

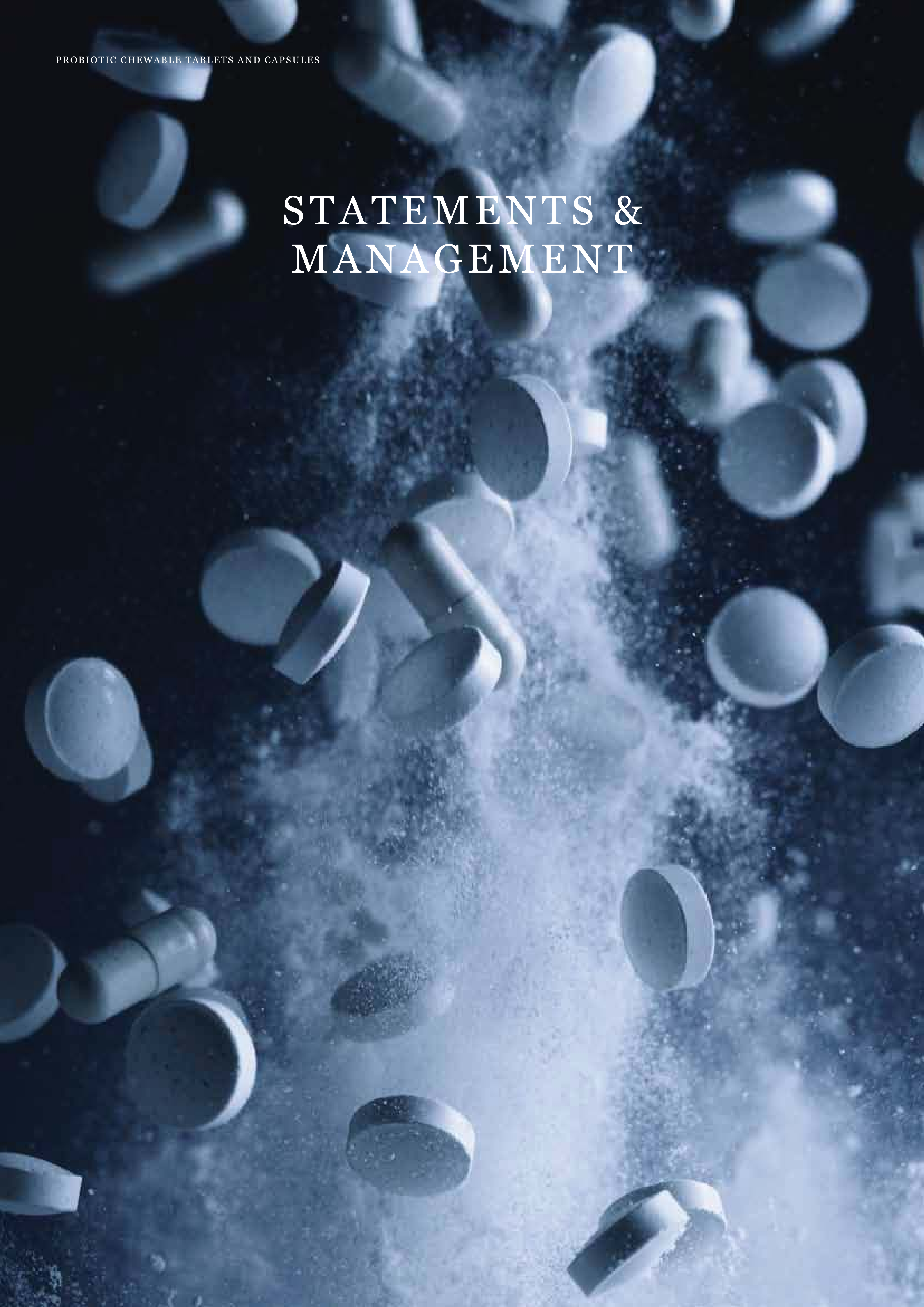
	2011/12	
	Subsidiaries	Executive Board and Board of Directors
Sale of services	20.3	-
Interest income	10.3	-
Interest expenses	(0.4)	-
	30.2	**-**
Receivable amounts at 31 August	201.3	-
Outstanding amounts at 31 August	21.8	-

Fees and other considerations to Executive Board and Board of Directors are specified in note 4.

	2010/11	
	Subsidiaries	Executive Board and Board of Directors
Sale of services	17.7	-
Interest income	12.4	-
Interest expenses	(0.8)	-
	29.3	**-**
Receivable amounts at 31 August	206.8	-
Outstanding amounts at 31 August	8.1	-

Note 24 - Events after the balance sheet date

No significant events have occurred since 31 August 2012 with effect on the Annual Report.



STATEMENTS & MANAGEMENT

Management's Statement on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Chr. Hansen Holding A/S for the financial year 1 September 2011 – 31 August 2012.

The Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the EU. Moreover, the Annual Report is prepared in accordance with additional Danish disclosure requirements for listed companies.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 August 2012 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2011/12.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hoersholm, 31 October 2012

Executive Board

Lars Frederiksen

Klaus Pedersen

Henrik Dalbøge

Knud Vindfeldt

Carsten Hellmann

Carsten Bennike

Jesper Allentoft

Board of Directors

Ole Andersen
Chairman

Frédéric Stévenin
Vice chairman

Henrik Poulsen

Gaëlle d'Engremont

Mark A. Wilson

Didier Debrosse

Jørgen O. Nielsen

Martin G. Seidel

Svend Laulund

Independent Auditor's Report

TO THE SHAREHOLDERS OF CHR. HANSEN HOLDING A/S

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Chr. Hansen Holding A/S for the financial year 1 September 2011 – 31 August 2012, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
The audit has not resulted in any qualification.

OPINION

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 August 2012 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 September 2011 – 31 August 2012 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

STATEMENT ON MANAGEMENT'S REVIEW

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Copenhagen, 31 October 2012

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Lars Baungaard State Authorized Public Accountant	Rasmus Friis Jørgensen State Authorized Public Accountant

Board of Directors

OLE ANDERSEN
Professional board member
Born 1956. Independent
Chairman of the Board since 2010. Re-elected 2011, term expires 2012
Chairman of the Remuneration and the Nomination Committees
Member of the Audit Committee

Other board positions:
Chairman: Danske Bank A/S, ISS A/S and one group company, Bang & Olufsen A/S and one group company
Member: Nomination Committee of NASDAQ OMX Nordic Ltd.
CEO: OGA Holding ApS and two group companies
Senior Advisor: EQT Partners

Competencies:
Professional experience in managing and developing large international companies. Extensive Board experience, including from listed companies. Financial and accounting expertise.

FRÉDÉRIC STÉVENIN
Partner at PAI partners
Born 1966
Vice Chairman
Member of the Board since 2005 (Chairman until March 2010). Re-elected 2011, term expires 2012
Member of the Remuneration and the Nomination Committees

Other board positions:
Chairman: Cerba European Lab and member of three group companies, Kaufman & Broad and member of two group companies
Member: United Biscuits and two group companies, PAI partners SAS, PAI partners UK Ltd.
CEO: Alta Rocca Investissements, G.A.V.U. Gestion Sprl, Saint-Pey Holding

Competencies:
Professional experience in investing in large international companies. Financial and accounting expertise. Extensive Board experience, including from listed companies.

HENRIK POULSEN
Chief Executive Officer of DONG Energy A/S
Born 1967. Independent
Member of the Board since March 2010. Re-elected 2011, term expires 2012
Chairman of the Audit Committee

Other board positions:
Member: Falck A/S and two group companies, Advisory Council of Danske Bank A/S
Advisor: EQT Partners

Competencies:
Executive experience from Fast Moving Consumer Goods companies, and telco industries with an emphasis on corporate restructuring, innovation, process improvement and sales & marketing.

GAËLLE D’ENGREMONT
Principal of PAI partners
Born 1975
Member of the Board since 2009. Re-elected 2011, term expires 2012
Member of the Audit Committee

Other board positions:
Member: United Biscuits Topco Ltd., Perstorp Holding AB

Competencies:
Professional experience in investing in mid to large size international companies. Financial and accounting expertise.

MARK A. WILSON

Managing Director for Fonterra Brand's ASEAN, Middle East and North Africa operations in Fonterra Co-Operative Group Ltd.
Born 1952. Independent
Member of the Board since 2010. Re-elected 2011, term expires 2012
Member of the Remuneration and the Nomination Committees

Other board positions:
Member of Fonterra's Management Committee, Fonterra Co-Operative Group Ltd. and six group companies

Competencies:
International CEO / MD with over 36 years in Fast Moving Consumer Goods companies and Service/B2B Industries within Asian, South American, U.K., Irish and International markets.

DIDIER DEBROSSE

President for Heineken International, Western Europe Region, Holland
Born 1956. Independent
Member of the Board since 2011, term expires 2012

Other board positions:
Member of the Heineken N.V. Executive Committee and nine group companies

Competencies:
Extensive experience within sales and marketing in Fast Moving Consumer Goods (Food and Beverage) and General Management of international companies.

JØRGEN O. NIELSEN

Director, People Operations, Chr. Hansen
Born 1948
Employee representative
Member of the Board since August 2010, term expires 2014

SVEND LAULUND

Manager. External Affairs, Chr. Hansen
Born 1954
Employee representative
Member of the Board since 2006. Re-elected 2010, term expires 2014

MARTIN G. SEIDEL

Business Analyst, Chr. Hansen
Born 1971
Employee Representative
Member of the Board since 2006. Re-elected 2010, term expires 2014

Executive Board

LARS FREDERIKSEN
Chief Executive Officer
Born 1958

Education:
M.Sc. Economics and Business Administration
Joined Chr. Hansen in 1980

Board positions:
Member: Board of Directors of Hedorf Holding A/S and Hedorfs Fond

Investment firm affiliations:
Digevej Invest ApS

KLAUS PEDERSEN
Chief Financial Officer
Born 1967

Education:
M.Sc.Finance and Business Administration, Aarhus School of Business, 1992
Joined Chr. Hansen in 2011

Board positions:
Chairman: Faroese Telecom, KP Consult ApS

HENRIK DALBØGE
Executive Vice President, Health & Nutrition Division
Born 1956

Education:
M.Sc. Molecular Biology,
Lic.Scient., Ph.D. Biotechnology
Joined Chr. Hansen in 2006

KNUD VINDFELDT
Executive Vice President, Cultures & Enzymes Division
Born 1963

Education:
Master of Dairy Science,
Bachelor of International Business
Joined Chr. Hansen in 1991

CARSTEN HELLMANN
Executive Vice President, Global Sales
Born 1964

Education:
B.Sc. Business Administration,
M.Sc. Information Management
INSEAD, International Business Programme
Joined Chr. Hansen in 2006

Board positions:
Chairman: Pro-Meduc Group A/S

CARSTEN BENNIKE
Executive Vice President, Natural Colors Division
Born 1964

Education:
M. Sc. Business Administration, Copenhagen Business School, 1996
Executive MBA, London Business School, 2005
Joined Chr. Hansen in 2011

Board positions:
Member: K/S Gosport
CEO: TO BE Holding ApS

JESPER ALLENTOFT
Executive Vice President, Stakeholder Relations
Born 1955

Education:
M.Sc. Psychology, University of Copenhagen
Joined Chr. Hansen in 2006